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The Polder Model: From Disease to Miracle?
Dutch Neo-corporatism 1965 - 2000

Reading committee: prof.dr. D. Braun
prof.dr. F.A.G. den Butter
prof.dr. C.J. van Kersbergen
prof.dr. T.J. van der Ploeg
prof.dr. J. Visser

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1015 TM Amsterdam, The Netherlands
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Fax: + 31 (0) 20 620 30 95
E-mail: office@thelathesis.nl
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promotor:

prof.dr. J.E. Keman

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Abbreviations

APO	Arbeidsplaatsenovereenkomst - Agreement on (the preservation or expansion of) jobs between trade unions and employers' organisations
ARP	Anti-Revolutionaire Partij (- 1975/1980) - Anti-Revolutionary Party (protestant political party)
BBA 1945	Bijzonder Besluit Arbeidsverhoudingen 1945 - Extra-ordinary Order on Labour Relations 1945
CA	Centraal Acoord - Central Agreement
CAO	Collectieve Arbeidsovereenkomst - Collective Contract (on wages and other terms of employment) between trade unions and employers' organisations or individual companies
CBA	Centraal Bestuur Arbeidsvoorzieningen - Central Board for Employment(agency) (tripartite)
CBS	Centraal Bureau voor de Statistiek - Central Statistical Bureau
CDA	Christen Democratisch Appèl (1975/1980 -) - Christian Democratic Appeal (merger of KVP, ARP and CHU)
CHU	Christelijk-Historische Unie (- 1975/1980) - Christian-Historical Union (protestant political party)
CNV	Christelijk Nationaal Vakverbond - Christian National Trade Union Federation
CPB	Centraal Planbureau - Central Planningbureau (in English, the CPB calls itself the Netherland's Bureau for Economic Policy Analysis)
CvR	College van Rijksbemiddelaars (1945 - 1970) - Board of Government Mediators
CSWV	Centraal Sociaal Werkgevers Verbond (- 1968) - Central Social Employers' Federation
D66	Democraten 66 (1966 -) - Democrats 66 (social liberal political party)
DS70	Democratisch Socialisten 70 (1970 - 1983) - Democratic Socialists

	70 (a right-wing break-away faction of the PvdA)
EU	Europese Unie - European Union
EMU	Euopese Monetaire Unie - European Monetary Union
GBK	Gemeenschappelijk Beleidskader - Joint Policy Framework (Central Agreement concluded on December 1st, 1989)
FNV	Federatie Nederlandse Vakbeweging (1976 -) - Federation of Dutch Trade Unions (merger of NKV and NVV)
HTK	Handelingen der Tweede Kamer der Staten-Generaal - Official records of parliament
ILO	International Labor Organisation
IMF	International Monetary Fund
KVP	Katholieke Volksparty (- 1975/1980) - Catholic People's Party (roman catholic political party)
MEV	Macro-Economische Verkenningen - Macro Economic Forecasts (issued annually by the CPB)
MHP	Vakcentrale voor Middelbaar en Hoger Personeel (1968 -) - Fede- ration for Middle-ranking and Higher Staff
NCW	Nederlands Christelijk Werkgeversverbond (1970 - 1997) - Dutch Christian Employers Federation
NKV	Nederlands Katholiek Vakverbond (- 1975) - Dutch Catholic Trade Union Federation
NVV	Nederlands Verbond van Vakverenigingen (- 1975) - Dutch Fede- ration of Trade Unions
OECD	Organisation for Economic Cooperation and Development
OR	Ondernemingsraad - Works Council
PvdA	Partij van de Arbeid - Labour Party
PPR	Politieke Partij Radicalen (1968 - 1990) - Political Party Radicals (left-wing break-away faction of KVP)
SER	Sociaal Economische Raad - Social Economic Council
SIB	SER (informatie- en Documentatie) Bulletin - SER magazine
STAR	Stichting van de Arbeid (1945 -) - Foundation of Labour
VAD	Vermogensaanwasdeling - Wage-earner Fund
VNO	Verbond van Nederlandse Ondernemingen (1968 - 1997) - Fede- ration of Dutch Firms (merger of CSWV and VNW)
VNO NCW	Merger of VNO and NCW (see above) (1997 -)
VNW	Verbond van Nederlandse Werkgevers (- 1968) - Federation of Dutch Employers
VVD	Volkspartij voor Vrijheid en Democratie - People's Party for Free- dom and Democracy (conservative liberal political party)

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1. Introduction

This study is the result of a long-term research project. Since the early 1980s I have been interested in the international comparative debate on neo-corporatism among political scientists and economists. Over the years I have been in the position to pursue this interest off and on. The Netherlands figures prominently in this debate. What started me was that researchers could not agree on the Dutch case. For, on the one hand it offered all the obvious prerequisites for neo-corporatism:

- a host of institutional arrangements in which the government, trade unions and employers' organisations ostensibly have co-ordinated their socio-economic policies (with incomes policy as a cornerstone);
- consensual trade unions (as indicated by one of the lowest strike records in the developed world);
- an impressive economic recovery since 1945, after the ravages of World War II.

However, on the other hand, on closer observation, it also became obvious that since the mid 1960s major changes occurred:

- the institutional arrangements apparently lost part of their function, much co-ordination appeared to occur ad hoc;
- conflict seemed to become the rule rather than the exception;
- and macroeconomic and policy performance in the 1970s and early 1980s slowly deteriorated.

At least from the point of view of the preceding period of centrally guided, statutory incomes policy, the actual process of policy formation and implementation with respect to incomes policy became quite conflictual since the mid 1960s.

How to reconcile this paradox? After all, neo-corporatism is supposed to offer an alternative way out of a situation of economic deterioration and societal conflict as opposed to pluralism. And in the Netherlands both economic difficulties and societal conflict increased during the 1970s and early 1980s. Notwithstanding the numerous, annual attempts of the actors involved, especially the government, to come to some sort of central agreement on incomes policy in the 1970s and

early 1980s, these agreements have been rare. Eventually, the Dutch case even became a byword for institutional sclerosis and political stagnation. The 'Dutch Disease' became a prominent, but negative connotation of Dutch industrial relations and performance during the 1970s and the 1980s.

Since then the picture has again changed profoundly. In the late 1990s, almost overnight, the Netherlands again became a model. But this time it was a positive model: the 'Polder Model' that produced the 'Dutch Miracle' (Visser and Hemerijck 1997; see also Becker 2001a for the origins of this reversal). The Netherlands became the envy of its neighbours. The country was diligently (re)studied by political scientists and economists looking for elements of the model that could be exported. The Dutch case was even discussed as a possible role model for European Union policy concertation (see for instance Scharpf 1997; Schmidt 1997; Labohm and Wijnker 2000; the Economist 2002; and Falkner 2003).

Recent events, however, have shown that despite the 'Polder Model', the 'Dutch Miracle' was apparently not sustainable. The global contraction of economic growth in 2002 and 2003 has had its negative impact on the Dutch economy as well. In 2002, economic growth almost came to a halt, and in 2003 it even became negative. Both unemployment and the budget deficit again increased considerably. The 'Miracle' has faded, and so has the attractiveness of the 'Polder Model' (see for instance van der Meer et al 2003). As we say in the Netherlands: 'het kan verkeren' (Bredero: in van Empel 1997: 5), which in this case may be most aptly translated as: 'the times, they are a changing' (Bob Dylan).

Hence, there is a puzzle to solve. On the one hand, the Dutch case is generally considered to represent a case of neo-corporatism. On the other hand, this neo-corporatism has not been able to prevent a negative performance of both Dutch policy-making and the Dutch economy.

In the past, I have made a few modest contributions to this ongoing debate, both in the Netherlands and internationally. In the Netherlands, I have contributed to the debate in politics by assisting a select committee of Members of Parliament. This select committee, the 'bijzondere commissie Vraagpunten Adviesorganen', issued a report and policy recommendations on advisory bodies to the government (Raad op maat 1993; Werkdocument Raad op maat 1993). The committee, chaired by the Christen Democratisch Appèl (CDA) Member of Parliament De Jong, was one of a series of committees concerned with administrative and constitutional reform in the Netherlands in the early 1990s.¹

1. The committees were installed on the recommendation of another select committee of Members of Parliament, the 'bijzondere commissie Vraagpunten'. The CDA Member of Parliament Deetman chaired this committee (Rapport bijzondere commissie Vraagpunten 1990; see also de Ru 1995: 4; and Sap 1995: 170, 171).

In chronological order, my contributions to the Dutch debate in political science on neo-corporatism include:

- *Het neo-korporatisme als nieuwe politieke strategie. Krisisbeheersing met beleid en (door) overleg?* (1985 - with Hans Keman and Dietmar Braun);
- *Neo-korporatisme en de loonpolitiek in Nederland 1965-1982* (1985 - with van Brakel, Kampf, Keman, Klijn, Simons and Stolk);
- *Christen-democratie en neo-korporatisme in Nederland. Het CDA en het maatschappelijk middenveld* (1993);
- *Belangenvertegenwoordiging en beleidsadvisering: geniet, maar drink met mate* (1995 - with Jantine Oldersma);

My contributions to the international academic debate on neo-corporatism include:

- *Neo-corporatism as a strategy for conflict regulation in the Netherlands 1970-1990* (1995);
- *Corporatism and socio-economic conflict-regulation* (1997a);
- *Neo-corporatism and macroeconomic performance* (1997b).

These contributions basically cover the Netherlands and other small neo-corporatist countries in Western Europe during the period 1965-1990. This study builds on that previous research that has been rechecked, and extended to include the period 1990-2000 as well. The research has been undertaken from a comparative perspective. Incomes policy in the Netherlands has been investigated not as a case *sui generis*, but with concepts and insights gained from the comparative debate on neo-corporatism.

The comparative debate on neo-corporatism has yielded a variety of concepts of neo-corporatism. Applied to the Netherlands, most of these concepts do not adequately capture changes and developments in Dutch neo-corporatism. Usually they are focused on two aspects of neo-corporatism: institutions and consensus. From the institutional point of view the Netherlands is a clear case of neo-corporatism. However, from the point of view of consensus, this is much less so, especially in the earlier period from 1965 to the mid 1980s. Although strike levels in the Netherlands remained quite low comparatively speaking, from the Dutch point of view there were major conflicts. Depending on the aspect most prominent in their respective concepts, students of neo-corporatism tend to disagree on the Dutch case. For some it is obviously neo-corporatist, others are not entirely convinced (Lijphart and Crepaz 1991: 240; Siaroff 1999: 180).

Although institutions are important for understanding neo-corporatism, I nevertheless chose for an actor-oriented approach of neo-corporatism as a government strategy for conflict regulation. Contrary to other comparative studies, it is not my intention to determine whether the Netherlands is a neo-corporatist country as compared to other countries, or to establish some sort of degree or level of neo-corporatism in the Netherlands in comparison to other countries. Rather, I wish to unravel the *process* underlying this type of neo-corporatist politics by exami-

ning both the central actor's behaviour within the Dutch institutions organising industrial relations and the role of government.

The first objective, therefore, is to establish whether the more actor-oriented approach of neo-corporatism as a government strategy for conflict regulation can indeed account for Dutch incomes policy between 1965 and 2000 as the outcome of a process of negotiations between trade unions and employers' organisations, and between these 'social partners' and the government. This is expressed in the first research question:

1. *Can neo-corporatism, defined as a government strategy for conflict regulation, offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000?*

The next objective of the research is to determine whether Dutch incomes policy between 1965 and 2000, as the common outcome of negotiations between trade unions, employers' organisations and the government, was effective. That is, did incomes policy deliver what the actors involved set out to achieve. Can the common outcome be explained in terms of an optimal common outcome that avoided zero-sum results based on the agendas of the actors involved (see Keman 1999: 261-265)? This is expressed in the second research question:

2. *Was Dutch incomes policy between 1965 and 2000 effective in terms of the agendas of actors involved?*

To answer these questions, I will first define the concept of neo-corporatism used. I will use a definition of neo-corporatism as a government strategy for conflict regulation. This conceptualisation differs from other more static conceptualisations of neo-corporatism as a system or a structure. The strategy concept assumes that governments can opt for various policies. These options range from following a neo-corporatist strategy of formulating and implementing incomes policy to imposing policies on employers' organisations or trade unions, or, conversely, to abstain from intervention altogether. Equally, trade unions and employers' organisations can opt for various modes of behaviour. They can co-operate or opt for confrontation, with each other or with the government.

The conceptual relation between neo-corporatism, incomes policy, and the actors involved - government, trade unions and employers' organisations - has to be clarified as well. Interactions are assumed by means of Rational Institutional theory as developed by Shepsle, Tsebelis, Keman, and Scharpf in particular, who all share the idea that actors behaving rationally, seek agreement to further their interests. Chapter 2 is devoted to this exercise.

Chapter 3 elaborates the research design. The research design consists of a com-

parative single case study. The comparative single case study into the formation, implementation and effectiveness of Dutch incomes policy between 1965 and 2000 will provide the answers to the research questions. This comparative single case study can be regarded as a 'crucial' case study. That is, it can be used to establish whether the results of the research into a particular case that is commonly accepted to be representative for the phenomenon under investigation (neo-corporatism), are exemplary for the process that the theory, based on comparative analysis, describes (see for instance Lijphart 1971; Yin 1989; and Landman 2000).

To that effect, I have devised an instrument of analysis that is based on an operationalisation of government strategies and styles of decision-making of trade unions and employers' organisations. Government strategy is operationalised in four strategies, and, based on Scharpf and Kuypers, I operationalised three styles of decision-making.

In chapter 4 a summary overview of research results is presented. The research provides an affirmative answer to research question 1: neo-corporatism, defined as a government strategy for conflict regulation, can indeed offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000. Neo-corporatism also mattered as it produced less conflict and more agreement between social partners. However, neo-corporatism varied considerably over time. It was much more prominent after 1982 than before 1983, but the 'Wassenaar Agreement' of December 1982 can not be considered as a watershed with respect to government strategy. Government strategy was non-neo-corporatist from 1980 - 1986. Most concluding neo-corporatist government strategies after 1982 occurred between 1987 and 2000.

Less confrontation between social partners did not lead to a significant increase in the concluding problem-solving style (C: Battle of the Sexes). The main concluding style of decision-making remained the bargaining style (B: Prisoners' Dilemma), also after 1982. From the point of view of styles of decision-making as well, the 'Wassenaar Agreement' of December 1982 can not be considered as a watershed.

Dutch neo-corporatism with regard to incomes policy between 1965 and 2000 was typically a combination of the concluding neo-corporatist co-operative government strategy (II) and the concluding bargaining style of decision-making (B: Prisoners' Dilemma), instead of a 'Polder Model' combination of a concluding neo-corporatist government strategy (co-operative or congruent) and the concluding problem solving style of decision-making (C: Battle of the Sexes).

In chapter 5, the affirmative answer to research question 1 is elaborated and substantiated. The emergence of a Dutch 'Polder Model' either after 1982 or in the 1990s appears not to be supported by my research findings.

In chapter 6 the effectiveness of a neo-corporatist government strategy is

discussed in terms of the agendas of the actors involved. The question to be answered is whether a neo-corporatist government strategy did indeed do a better job than non-neo-corporatist government strategies in two respects. First, in reordering the list of preferences that is expressed in each actor's agenda for incomes policy (see Keman 1999: 261-265). That is, were neo-corporatist government strategies more effective in bringing the actors involved in incomes policy to a Central Agreement than non-neo-corporatist government strategies?

Second, were neo-corporatist government strategies more effective in moving towards the core - establishing a match between preferences of all actors and actual outcome - than non-neo-corporatist government strategies?

With respect to Central Agreements, the answer to research question 2 must be that Dutch incomes policy between 1965 and 2000 was more often not effective than effective in terms of the agendas of the actors involved, especially between 1965 and 1982. Neo-corporatist incomes policies were indeed more often effective than non-neo-corporatist incomes policies in this respect, especially after 1992. I contend, however, that this does not support the emergence of a 'Polder Model', neither starting in 1983, nor in the 1990s. In effect, the 'Model' of negotiations on incomes policy between 1965 and 2000 did not change dramatically over the years. The 'Model' typically consisted of a concluding neo-corporatist government strategy (II: co-operative) and the concluding bargaining style of decision-making (B: Prisoners' Dilemma).

What did change was the effectiveness of that incomes policy in terms of Central Agreements. Increased effectiveness of negotiations on incomes policy in terms of Central Agreements after 1982, however, can be explained in terms of the actors' behaviour during the annual negotiations on incomes policy in a context of institutional change (linkage, delinkage, relinkage - see also Hemerijck 2003: 53 ff.) due to macroeconomic and other externalities (European Monetary Union, i.e. the Euro).

A neo-corporatist government strategy, combined with a Central Agreement that was reached through more or less 'tough' negotiations between social partners - an alternation between confrontation (A: Chicken) and bargaining (B: Prisoners' Dilemma) -, increased actual outcome in terms of approaching the core. To a (much) lesser extent that was, however, also the case for non-neo-corporatist government strategies when no Central Agreement could be reached through 'tough' negotiations between social partners.

The macroeconomic context appeared to influence the actors' potential to approach a match between their preferences and actual outcome. That was reflected in how often and how close a core situation could be approached, given the combination of actors' behaviour in terms of government strategies, Central Agreements and 'tough' negotiations between social partners.

In chapter 7 the relation between a neo-corporatist strategy of the government

and the composition of that government is investigated. The questions to be answered were, firstly, to what extent a neo-corporatist government strategy coincided with the participation of a social democratic political party in government. Secondly, what was the effectiveness of these neo-corporatist strategies in terms of the agendas of the actors involved in incomes policy.

I have observed, first, that participation of the social democratic Partij van de Arbeid (PvdA) in coalition governments did indeed make a positive difference with regard to the occurrence of concluding neo-corporatist government strategies. Next I have established that participation of social democracy in coalition governments also made a (positive) difference with regard to the effectiveness of concluding neo-corporatist government strategies in terms of reordering the agendas of the actors involved in incomes policy (Central Agreements). Participation of the PvdA in government as the dominant party that held the office of Minister of Social Affairs and was primarily responsible for incomes policy after 1994 did not, however, produce a new, nor a more effective 'Polder Model' in terms of more Central Agreements or more often approaching the core.

Exclusion of the PvdA from coalition government did make a (positive) difference with respect to the effectiveness of non-neo-corporatist government strategies in terms of Central Agreements, but not in terms of approaching the core.

I have observed that coalition governments of PvdA and CDA before 1994 were either effective in terms of concluding neo-corporatist government strategies and Central Agreements, or in approaching the core. Coalition governments of PvdA and VVD after 1993 were more successful in terms of concluding neo-corporatist government strategies, but not in terms of either Central Agreements or approaching the core.

Social democratic participation in coalition government in the Netherlands between 1965 and 2000, therefore, appears to have been beneficial for reaching equilibrium between social partners: either by way of concluding neo-corporatist government strategies and Central Agreements, or by way of approaching the core. In chapter 8, Dutch policy performance and Dutch macroeconomic performance between 1965 and 2000 is discussed. First the Dutch case is investigated from a comparative point of view. The issue is to what extent Dutch policy performance and Dutch macroeconomic performance was indeed different or exceptional when compared to those of other groups of liberal western democracies with market economies, like the member states of the Organisation for Economic Co-operation and Development (OECD); the member states of the European Union (EU); and other small West-European neo-corporatist democracies like Austria, Belgium, Denmark, Finland, Norway, Sweden and Switzerland.

From the comparative perspective, neither a specifically 'Dutch' disease, nor a specifically 'Dutch' miracle in terms of overall performance could be identified. The specifically 'Dutch' disease of low performance between 1978 and 1985

consisted of a lower average *economic growth*, negative average *employment growth*, and, to a lesser degree, higher average *unemployment*. The specific ‘Dutch’ miracle of higher performance between 1995 and 2000 consisted of a (much) higher average *employment* and *economic growth*, and lower average *unemployment*, combined with a considerable *retrenchment of the welfare state*. Especially this last aspect of the ‘Dutch’ miracle has drawn little attention yet from a comparative point of view (but see Green-Pedersen et al 2001; Green-Pedersen 2001; Castles 2002, 2004; and Keman 2003).

Next the effectiveness of incomes policy in terms of Central Agreements, and performance is discussed. The issue is whether the ‘Dutch Disease’ did go together with less, and with less effective, neo-corporatist government strategies, and, conversely, the ‘Dutch Miracle’ with more, and more effective, neo-corporatist government strategies. Although that was indeed the case, which may have contributed to the notion of a positive relation between a Dutch ‘Polder Model’ and the ‘Dutch Miracle’, I argue that it was not the actors’ behaviour that explained performance, but rather the (macroeconomic and policy) performance and (the changes in the) institutional context combined, that explained the actors’ behaviour in terms of neo-corporatist government strategies and Central Agreements.

Finally, the effectiveness of incomes policy in terms of approaching the core and performance is discussed. The issue is whether the ‘Dutch Disease’ did go together with less, and with less effective, neo-corporatist government strategies, and, conversely, the ‘Dutch Miracle’ with more, and more effective government strategies. Although the ‘Dutch Disease’ did indeed go together with less neo-corporatist government strategies than the ‘Dutch Miracle’, and the core was indeed less often approached during the ‘Dutch Disease’ than during the ‘Dutch Miracle’ (which may have contributed to the notion of a positive relation between a Dutch ‘Polder Model’ and the ‘Dutch Miracle’), I argue that it was not the actors’ behaviour that explained performance, but rather performance and the (changes in) the institutional context combined, that explains the actors’ behaviour in terms of neo-corporatist and non-neo-corporatist government strategies and approaching the core. That can explain why the core was more often approached during the period of the pre-‘Polder Model’ (1965 - 1982) than during the period of the alleged ‘Polder Model’ (1983 - 2000) and the ‘Dutch Miracle’ (1995 - 2000).

In other words, the behaviour of the actors involved in incomes policy did neither produce the ‘Dutch Disease’, nor the ‘Dutch Miracle’. It was the (macroeconomic and policy) performance and exogenous context (EMU) that defined the ‘room to manoeuvre’ of government and social partners, and induced the actors (especially the government) to changes in the institutional context (transition from a government guided incomes policy to a ‘free’ incomes policy, linkage and

delinkage, and budgetary discipline). That institutional change then induced especially social partners to change their behaviour. Neo-corporatism does matter, but apparently as a contingency (Scharpf 1998; see also Woldendorp 1997b). It was not the driving factor of recovery as identified by, for instance, Visser and Hemerijck (1997).

In chapter 9 finally, the concept of neo-corporatism as a government strategy is reviewed. Based on the answers to the two research questions in chapters 4-6, and on the findings in chapters 7 and 8, the implications for the 'Polder Model' and the contribution of the findings to the cross-national literature and general knowledge on neo-corporatism, incomes policy, and policy performance and macroeconomic performance, are elaborated. The chapter is concluded with a discussion of the implications for the 'Dutch Disease' and the 'Dutch Miracle'. I contend that neither from the perspective of government strategy and style of decision-making of social partners, nor from the perspective of Central Agreements, approaching the core, or social democratic dominance in government, there is evidence to support the emergence of a 'Polder Model' in the Netherlands. Not after 1982, nor in the 1990s. My research findings imply that the importance that other researchers have attached to the 'Wassenaar Agreement' of December 1982 is overrated. The 'Wassenaar Agreement' can not be considered as a watershed. My research findings support those researchers that pointed to the flexible character of Dutch neo-corporatism in combination with a central role for the government during the period 1965 - 2000 (or indeed during the whole period after 1945). Neo-corporatism did exist in the Netherlands between 1965 and 2000, but it varied considerably both in occurrence and in effectiveness. That variation, however, did not constitute a new 'Model' after 1982, and neither in the 1990s. The research findings illustrate that sometimes the 'Model' is effective, and sometimes it is not. That depends on the macroeconomic and exogenous context (EMU), which drives the actors' behaviour and may lead to changes in the institutional context (transition from a government guided to a free incomes policy, linkage, delinkage, relinkage) effected by the government, which then in turn influence the actors' behaviour (especially social partners).

In other words, the process of negotiations on the formation and implementation of incomes policy in the Netherlands between 1965 and 2000 shows a pattern of gradual institutional change that changes both the issues and the scope of negotiations and agreements. This gradual institutional change was usually implemented by the government, if necessary against the preferences of one or both of the social partners. These actions of the government were driven by the macroeconomic context and exogenous changes like the EMU. Within the adjusted institutional setting, the actors continued their negotiations on the formation and implementation of incomes policy. But these negotiations were then based on changes in both the issues that could be negotiated and the scope of the agree-

ments that could be concluded.

The implications of my conceptualisation and operationalisation of neo-corporatism as a government strategy for cross-national research are twofold. Firstly, the instrument of analysis that was used in this research can also be used for a more dynamic in-depth analysis of the formation and implementation of incomes policy in other countries and for the comparison of those incomes policies. A cross-national comparison of incomes policy based on my instrument of analysis can contribute to alleviating the present methodological trade-off between comparing multiple cases and researching a single case, by combining elements of both research methods: comparing multiple cases based on a 'thick' or at least qualitative description and analysis of these cases.

Secondly, with minor adaptations, that instrument of analysis can also be used to investigate and compare the formation and implementation of policies in other policy areas than incomes policy, both in the Netherlands and in other countries. It is a promising instrument for generating new insights within New Institutionalism. Both the concept and the indicators that I have used have proven to deliver valid and meaningful results. Based on the results of my research it is now possible to elaborate on the Dutch Disease, the Dutch Miracle and the Polder Model and to distinguish myth from reality.

2. Neo-corporatism as a government strategy

Two questions were at the heart of comparative neo-corporatist² research and debate in the 1970s and 1980s. Firstly, what is the relation between the emergence of neo-corporatism and growing economic problems in developed liberal democracies during the aftermath of the two oil crises in 1973 and 1979/1980? Secondly, does neo-corporatism indeed contribute positively to the macro-economic performance of market economies?

The analysis of the relation between the advance of neo-corporatism and growing economic problems since the 1970s yields a surprising result. Increasing economic problems may threaten social and political stability. But, in contrast to mainstream pluralist political theories, in some liberal democracies³ the attempts to overcome these problems appear not to be made solely by political parties, through parliament and party government, nor by separately organised interests in the economic arena or their ad-hoc co-operation. Instead, a complex of phenomena dubbed neo-corporatism appears to play an important part as well. In this context, for all students of neo-corporatism, neo-corporatism means a certain measure of co-operation⁴ between party government and the relevant socio-economic interest groups of employers' organisations and trade unions. The aim

2. In the literature both the terms corporatism and neo-corporatism are used. I prefer to use neo-corporatism to indicate that it has no bearing on the historical corporatisms of fascism or Roman Catholicism.

3. The countries most often mentioned are Austria, Belgium, Denmark, Finland, the Netherlands, Norway, Sweden and Switzerland (Czada 1987; Lehner 1987; Braun 1989; Lijphart and Crepaz 1991; Siaroff 1999). Recently, Ireland was added to this list as well (Scharpf 1997; Schmidt 1997).

4. In the literature on neo-corporatism various notions are used to express what is generally viewed as one of its main features, that is the maintenance or restoration of social and political stability. The notions I refer to are co-operation, compromise, consensus and concerted action. When discussing other researchers, I will conform to their use of these notions.

Although these notions are used as almost interchangeable concepts, in my view they are not.

Co-operation is a consequence of congruent agendas or policies. Continued co-operation may eventually result in consensus, but not necessarily as co-operation may break down as well (Czada 1998).

of this 'organised' co-operation is to redress the economic problems in such a way that social and political stability is maintained or restored (Schmitter and Lehmbruch 1979; von Alemann 1981; Lehmbruch and Schmitter 1982).

The second research question is a hotly contested issue. Does neo-corporatism indeed contribute to a better macroeconomic performance? (See for instance Therborn 1987; Schmitter 1989; Alvarez et al 1991; Crepaz 1992; Golden 1993; Woldendorp 1997b; Flanagan 1999; Lane and Ersson 2000; and Kenworthy 2002). Nevertheless, most empirical research supports the notion that this is the case. Neo-corporatism contributes positively to the macroeconomic performance of market economies in liberal democracies in terms of higher economic growth, lower inflation, and less unemployment. Especially when compared to non-neo-corporatist democracies (Schmidt 1982; Alvarez et al 1991; Kurzer 1991; Western 1991; Crepaz 1992; Keman 1993; Pennings 1997; Lijphart 1999; Siaroff 1999; Traxler and Kittel 2000; and Kenworthy 2002).

In the 1990s, the positive macroeconomic performance of smaller neo-corporatist democracies in Europe - the Netherlands, Denmark, and Ireland - has recently sparked new research and a new debate. The central issue is whether neo-corporatism can be exported to other European democracies, as well as to the European level itself as a means of European wide policy concertation (Scharpf 1997; Schmidt 1997; Labohm and Wijnker 2000; Falkner 2003).⁵

It is not surprising that in comparative research much attention is focused on the Netherlands. At first glance, the country has a long and institutionalised tradition of co-operation between party government and employers' organisations and trade unions. Few participants in the debate, however, go beyond this simple statement of fact. As I will show, this makes it difficult for them to incorporate historical changes in the Netherlands in their analysis.

The Dutch debate on neo-corporatism in the 1970s and 1980s on the other hand, has only been marginally influenced by comparative research. Generally, Dutch researchers have been pre-occupied with the problems of 'overload', 'Unregierbarkeit' and 'overcharging' of the welfare state: growing government expen-

Compromises are necessary steps in a continued process of co-operation that may eventually lead to consensus. However, compromises may be difficult or even impossible to reach, resulting in a break down of co-operation (Scharpf 1998).

Consensus is a situation in which after continued co-operation and repeated compromises agreement of opinion among the actors involved is reached. It is the result of a process, and not a policy instrument. And even consensus, although it can be viewed as 'a broad agreement on fundamental principles' or policy issues, still allows 'for disagreement on matters of emphasis or detail' (Heywood 1997: 403). Concerted action, lastly, derives from the German 'Konzertierte Aktion' and refers to combined actions or policies of all actors involved. This notion describes a result or outcome of co-operation, compromises or consensus (Lehmbruch 1979).

5. See Streeck (2004) for a comprehensive history of the development of theoretical notions on interest groups and neo-corporatism.

diture on social security, pensions, health care and social services, and public sector wages. In times of reduced or even negative economic growth this leads to an increasing budget deficit and public debt. The cause of the problem is located in the so-called 'iron ring', or the 'fourth' and 'fifth' powers (van den Berg and Molleman 1974; Daudt 1979; de Vries 1989). These are composed of the civil servants' bureaucracy and the networks of advisory bodies, which cluster around all Dutch government ministries (see also Dean 1984; van der Ploeg 1995; and Sap 1995).

The contention is that within these networks policies are formulated and implemented which put party government and parliament before accomplished facts and increase the budget deficits. Neo-corporatism becomes a new label for describing this situation. In other words, neo-corporatism is regarded as the cause of the problems. The main thrust of the argument is that parliament and party government, which represent the general, public interest, should regain the initiative in policy-making and implementation from the diffuse neo-corporatist networks of interest representatives and civil servants which created the budgetary and fiscal problems of the government in the first place.

In contrast, other Dutch authors have discussed in great detail the changes in the Dutch system of industrial relations in the 1960s and 1970s.⁶ The view which predominates in the literature is of a development from consensus or harmony in the 1950s (that is, none or (very) few strikes and other forms of open conflict between trade unions and employers' organisations), to conflict and polarisation in the 1960s and 1970s (that is, more strikes and other forms of open conflict or disagreement). This development is then labelled as a case of diminishing or disappearing neo-corporatism. In other words, neo-corporatism becomes equal to the absence of open conflict (consensus) between employers' organisations and trade unions. Open conflict and disagreement means no consensus. No consensus, no neo-corporatism.

Since the mid 1990s, political scientists and economists in the Netherlands again become interested in the concept of neo-corporatism and its explanatory value for incomes policy, employment policies, welfare reforms and economic development in general. After more than a decade of austerity policies and high levels of unemployment, exacerbated by the economic recession of 1992/93 that followed the Gulf War of 1991, the Dutch economy finally seemed to be on the path of recovery again. Although broad unemployment, that is including disability and other benefits, remained virtually unchanged (SCP 2000: 284; Green-Pedersen 2001: 969; Andeweg and Irwin 2002: 183, 184), an impressive number of new

6. These authors include: Akkermans and Grootings 1979; Teulings 1980; Akkermans and Nobelen 1983; Arendsen and Geul 1983; Nobelen 1983; Geul et al 1985a, 1985b; Nobelen et al 1985; Terlouw 1985; and Albeda and Ten Hove 1986.

jobs had been created. How to explain this transition from ‘disease’ in the 1970s and the 1980s to ‘miracle’ in the 1990s?

The answer is mixed. Some researchers favour a neo-corporatist explanation: in the early 1980s trade unions agree to wage moderation in exchange for a reduction in working hours and the prospect of jobs in the future. Others have a straightforward economic explanation: high levels of unemployment in the early 1980s leads to wage moderation, which in turn enables the creation of new jobs. These economic and institutional explanations do have their merits, but they do not shed much light on what actually happened in terms of the actions and behaviour of the government, trade unions and employers’ organisations. Nor do they focus on the effects of these actions and behaviour. From this, it follows that my angle for research will be neo-corporatism as a government strategy for conflict regulation (Keman 1985; Katzenstein 1985; Zimmermann 1986; Lehner 1987; Armingeon 1994; Keman and Pennings 1995; Jones 1999; Keman 1999; and Molina and Rhodes 2002). I will use that interpretation of the concept to shed light on the formation and implementation of Dutch incomes policy between 1965 and 2000. I will demonstrate that the conceptualisation of neo-corporatism as a government strategy to forge consensus by means of co-operation and compromise developed in this study is a rewarding and dynamic analytical tool that yields more valid results than other conceptualisations. My contention is that this concept offers the possibility of investigating a much broader spectrum of phenomena and events in relation to neo-corporatism:

- the composition of party government;
- different government policies and policy areas;
- the position and strategies of both unions and employers’ organisations;
- general economic conditions and developments.

In addition, neo-corporatism as a government strategy can also explain why it sometimes does not work or cannot be implemented.

In order to argue my case, I shall first present the various concepts of neo-corporatism that are used from a comparative point of view. I shall then discuss their usefulness for the comparatively driven evaluation of post-war Dutch incomes policy. Next I shall discuss the Dutch views on neo-corporatism and post-war Dutch incomes policy, and evaluate their contribution to the international debate. I shall then explain how the use of the concept of neo-corporatism as a government strategy differs from the approaches I have discussed. In addition, I shall elaborate the concept of incomes policy and its relation with neo-corporatism as a government strategy. Lastly, I will discuss neo-corporatism and pluralism and argue that neo-corporatism conceptualised as a government strategy is a more appropriate theoretical framework for research on incomes policy and macro-economic and socio-economic government policy than pluralism, in the Netherlands and also in other small West European democracies.

2.1 *The concept of neo-corporatism*

Contributions to the international debate on neo-corporatism come in various categories. The first distinction is whether the phenomenon is addressed at the macro- or meso-level. The macro-level is the level of national socio-economic issues and policies and actions of party government and interest groups. The meso-level is the level of branch or sectoral socio-economic issues and corresponding policies and actions of party government and interest groups.⁷ The second distinction is whether neo-corporatism is conceived of as a system, a structure or a strategy. Here I shall address the phenomenon of neo-corporatism at the macro-level, that is the level of national socio-economic issues and policies of party government and interest groups.

The concept of neo-corporatism as a system implies that it is regarded as a separate system, operating either alongside another system, or superseding or following an earlier system. It may be regarded as a separate economic system, differing from systems such as capitalism or socialism (Winkler 1976). Or as a societal variety of capitalism under specific historical conditions (Jessop 1979). Or even as a separate system of interest intermediation, differing from systems such as pluralism or syndicalism (Schmitter 1974 & 1979). The systems approach of neo-corporatism focuses on the change from one societal system into another as a result of neo-corporatist developments. It therefore tries to capture the essence of those systemic developments and the resulting qualities of the new societal system. This conceptualisation leads to a lack of interest for the relevant actors, their day-to-day activities and interrelations and the consequences thereof. It is quite abstract and static and cannot really capture the working and mechanisms of the actors and the events involved. In sum: the systems approach lacks explanatory value.

The concept of neo-corporatism as a structure is a less abstract analytical approach. Neo-corporatism is regarded as a phenomenon that develops within an existing social, political and economic system: capitalist democracy. Neo-corporatism is not regarded as an explicit and qualitative break with the past and the existing social order. Neo-corporatist developments are instead viewed as a dynamic part of the existing system of capitalist democracy (Panitch 1979, 1981;

7. For international contributions about neo-corporatism on the meso-level: Schmitter 1982; Wassenberg 1982; Cawson 1985; Grant 1985; Streeck and Schmitter 1985; van Waarden 1989; Kleinfeld 1990; and Schmitter 1990. An interesting but unsuccessful example of neo-corporatism on the meso-level in the Netherlands is the institution in 1977 of the tripartite 'Policy Committee Shipbuilding' (Beleidscommissie Scheepsbouw) for the restructuring of the shipbuilding branch (Lange 1978). This joint intervention by the government and by the trade unions and employers' organisations in the shipbuilding sector could not prevent the collapse of that sector. Wassenberg (1983) describes how this joint intervention, and especially the government subsidies involved, subsequently became the subject of an official Parliamentary Enquiry.

Lehmbruch 1979). Neo-corporatism from this perspective is regarded as a development or change of capitalist democracy, in that a 'rival' structure (to parliament) emerges, leading to a 'mixed' economy. The structural approach is much more inclined to incorporate the relevant actors, their activities, the balance of power and the effects of their day-to-day actions in the analysis.

Although there is a clear distinction between the systems and the structure approach - the change of a whole system as opposed to changes within, or the extension of an existing system - both tend to focus on the formal, institutional side of the developing system or structure in order to determine whether or not there is neo-corporatism. The systems approach tends to focus on the formal change from one institutional system to another, while the structure approach tends to view changing institutions as a result of the changing relation between capitalism and parliamentary democracy. However, the existence or emergence of a system or a structure in itself cannot offer a dynamic explanation of the (re-) actions of the actors involved to the growing socio-economic problems, which began to develop in the 1970s. The neo-corporatist system or structure simply emerges, and in turn constrains or determines the scope for action by the relevant actors.

It is this formal institutional bias which the approach of neo-corporatism as a government strategy tries to remedy. The interaction between institutions and actors is regarded as a mechanism, rather than a causal relation. It not only entails restraints, but also offers opportunities. The strategy approach views neo-corporatism as a possible way of resolving conflicts by organising better communications and relations between the relevant actors, through both formal (institutional) and informal channels. A strategy is dynamic, which is necessary for combating the socio-economic difficulties. As a strategy, it can be implemented in various ways, more or less successfully; depending on the specific circumstances in the country concerned (Scharpf 1987; Keman 1992). Neo-corporatism as a political strategy to restore consensus, focuses on the role of party government. It is regarded as a government strategy to formulate policies by negotiations and discussions between the government and the relevant socio-economic interest groups through formal and informal channels, and to bind the interest groups and the government to the implementation of those policies. Essential in this concept of neo-corporatism is the relative autonomy and the mutual instrumentalisation of the actors involved (Keman 1985; Czada 1986, 1988; see also Lehmbruch 1991; Keman 1999; and Molina and Rhodes 2002).

Employers' organisations and unions have the option to co-operate (or not) with each other and with the government. The government can also opt to follow a neo-corporatist strategy of policy formation and implementation or to impose policies on employers' organisations or unions. At the same time, however, there is also a degree of mutual dependence of the three actors involved on each other's willingness to co-operate. To a certain extent they need each other's co-operation

to accomplish their own goals. They tend therefore to make their own co-operation contingent on policies and concessions of the other actors involved (van Brakel et al 1985: 3-6; Keman 1985; Czada 1986; Czada 1987; and Scharpf 1987).

The autonomy of the actors is, however, not unlimited. Limitations are set by the 'rule of law' and the institutions involved in consultations and negotiations between the actors. Based on the 'rule of law', government, and ultimately parliament, must legalise the outcome of consultations and negotiations. The institutions, or prevalent 'rules of the game', also limit the options for actions open to actors. Thus they allow for (pluri-functional) variations in performance that cannot be captured by either the systems or structure approach.

For instance, in the Netherlands, Central Agreements (Centrale Accoorden, see chapter 3, sections 3.2.2 and 3.2.6) between trade unions and employers' organisations, or between these 'social partners' and the government, do not have a 'legal' status. Central Agreements are 'informal' agreements. However, government (and thus parliament) ultimately has to sanction these agreements (see also Keman 1998).

2.2 The Netherlands from a comparative point of view

The various concepts used by the students of neo-corporatism differ if one takes a closer look at the mechanisms that are proposed to analyse the actual working of corporatist interest intermediation in relation to socio-economic policy-making. However, they all employ a number of dimensions that appear to be relevant for the Netherlands.

The first dimension concerns the institutions of centralised bargaining and co-operation between government, employers' organisations and trade unions. Some assume that there is a direct relation between the mere existence of these institutions and the neo-corporatist character of the Netherlands. Yet it remains unclear to what extent the process of policy-making by means of mutual consultation and centralised negotiation is indeed conducive to policy formation and implementation (Schmitter 1979; Czada 1983; Smith 1988; Wilson 1990; Western 1991). A conceptualisation of neo-corporatism as signifying nothing more than the existence of a certain number of institutions renders the concept static, allowing for only descriptive, rather than analytical uses (see also Braun 1989; Vergunst 2004).

The second dimension is the way in which institutions work. If researchers investigate the actual operation of institutions, they usually do so by employing a concept of neo-corporatism in which this is virtually equal to consensus on incomes policy within the institutions, defined by the absence of open conflict and disagreement.⁸ Lehmbruch's (1979) liberal corporatism, for example, is

8. These authors include Lehmbruch 1979; Panitch 1979; Czada and Dittrich 1980; Armingeon 1983; Marks 1986; Curtis 1987; Czada 1987; Braun 1989; Cox 1989; Wolinetz 1989; and Kurzer 1991.

particularly characterised by a high degree of co-operation between interest groups themselves. This co-operation is voluntary and takes place within the legal framework of the liberal state. Panitch (1979), like Lehmbruch, relates the existence of 'corporatist structures and practices' to incomes policy. This policy aims at slowing down the upward pressure on wages by the union federations. For the Netherlands, this was the case during the period of centralised, statutory incomes policy after World War II (1945-1963).

In a comparative study by Armingeon (1983) a definition of neo-corporatism is used in which voluntariness is a central dimension of both negotiations and implementation of incomes policy. Institutionalisation is perceived as less important for the occurrence of neo-corporatism. During the period of the centralised, statutory incomes policy in the Netherlands (1945-1963) this voluntariness is located especially in the process of negotiations, not in the implementation of incomes policy.

For Marks (1986) neo-corporatism equals consensus, especially about incomes policy "in the context of a comprehensive macroeconomic program" (253). Between 1950 and 1980, the Netherlands "have had consensual incomes policy for about a third of the period" (259). Consensus in the institutions, based on subordination of the unions to macroeconomic aims is Curtis' (1987) definition of corporatism. Wolinetz (1989: 79) describes Dutch post-war history in terms of an 'eroding partnership' between unions, employers' organisations and government. According to Kurzer (1991: 10) corporatism in the Netherlands diminished during the 1970s because "no consensus could be forged and state officials intervened with statutory income policies". Cox (1989: 191) describes the changes in Dutch corporatism during the 1960s and 1970s as a development from corporatism proper (focused on producer groups) to "a pattern of organised pluralism" (also including medical and social professionals and their organisations, private charities et cetera) and the concomitant growing number of conflicts over public revenues.

Putting neo-corporatism on a par with consensus, defined as the absence of open conflict, generally leads these authors to the conclusion that with the demise of centrally guided, statutory incomes policy there has been a tendency towards declining neo-corporatism in the Netherlands since the mid-1960s. This is an example of circular reasoning. Although the very existence of tripartism and centralised bargaining to gain policy agreement may well be important features of neo-corporatism, these vary over time and are therefore in themselves insufficient for understanding the outcomes of the process.

A third dimension regards trade unions and unionisation. There are different, often conflicting appraisals of the role of trade unions and unionisation with respect to neo-corporatism. In some cases the importance of a co-operative attitude of unions as a necessary precondition for the occurrence of neo-corporatism

is emphasised, often leading to a circular argument: without co-operative unions, usually equated with consensus in the institutions, which in turn is indicated by a low level of industrial conflict, no neo-corporatism (Curtis 1987; Wolinetz 1989, 1990).

Other authors state that for corporatism to be effective in the field of incomes policy, a high degree of independence of union functionaries from their rank and file is necessary (Czada and Dittrich 1980). Or they find that a high degree of union centralisation is a prerequisite for neo-corporatism (Panitch 1979; Katzenstein 1985; Marks 1986; Czada 1987). Both aspects express the importance attached to centralised bargaining between unions and employers' organisations and between these 'social partners' and the government as a measure of neo-corporatism. The higher the degree of independence of union functionaries from their rank-and-file and the more responsibilities and power rest at the central (con)federate level, the easier it apparently is for trade union (con)federations to reach agreement with both the employers' associations and the government (see also Berger 1981; Goldthorpe 1984).

Finally, some argue that neo-corporatism is linked to strong unions or a high degree of unionisation (Wilson 1990; Kurzer 1991).⁹

In the case of the Netherlands, these linkages between unions and neo-corporatism are problematic. If a co-operative attitude of unions is indicated by consensus in the institutions, or a co-operative attitude is regarded as a precondition to arrive at consensus, every independent policy or action by unions must be defined as an example of diminishing neo-corporatism. Only if unions agree to government and employers' policies without a fight, there apparently is neo-corporatism. Furthermore, if union centralisation is a measure for neo-corporatism, every tendency towards a more independent policy by affiliated branch unions also has to be defined as an indication of diminishing neo-corporatism. Lastly, if neo-corporatism and strong unions or a high degree of unionisation go together, the Netherlands certainly is a deviant case. Unionisation has always been rather low, and has actually declined further since the 1970s, and unions have always been divided, both along religious lines and along lines of class and status (blue collar versus white collar) (see for instance Visser 1989).

It is interesting to note that the various concepts of neo-corporatism do not seem to have any bearing whatsoever on the employers' organisations, except by default. That is, if, from the absence of strikes and other (labour) conflicts, we may indeed deduce that employers' organisations are co-operating with trade unions and the government. Lehmbruch (1984: 75) is among the few that note

9. For an extensive discussion of changes in union density, union coverage, union concentration and the authority of the various levels within trade unions and employers' organisations in twelve liberal democracies between 1950 and 1990: see Golden et al (1999).

that because the linkages between employers' organisations and "bourgeois" parties are much looser than between trade unions and social democratic parties, it is much easier for employers' organisations to step out of neo-corporatist arrangements than it is for trade unions.¹⁰ In effect, a concept of neo-corporatism in which employers' organisations are not included, runs the risk of being nothing more than "a system of institutional wage restraint in which labour, acting 'responsibly', voluntarily participates in and legitimises the transfer of income from labour to capital" (Cameron 1984: 146; see also Bruno and Sachs 1985). Opinions on the role of party government in the Netherlands differ as well. Panitch (1979) and Armingeon (1983) agree that during the period of centralised, statutory incomes policy between 1945 and 1965 (which is the period which the majority of the authors mentioned regard as neo-corporatist) this role was prominent. They also agree that it has become even more prominent since the demise of this policy in the mid 1960s. In their view this has had no negative bearing on the neo-corporatist character of the country. In the same vein, however, for Curtis (1987), Cox (1989), Wolinetz (1989, 1990) and Kurzer (1991), the more prominent role of the government in incomes policy (and welfare policy) in the 1970s and 1980s is linked to declining neo-corporatism. Apparently, the level of government intervention can be both unrelated (or at least not negatively related) to neo-corporatism, or can be judged as a sign of declining neo-corporatism, depending on the specific concept used by the researcher. A great number of students of neo-corporatism have emphasised the political composition and the ideological colouring of party government as a prerequisite for neo-corporatism. But they have different views on the relation between the composition of party government and neo-corporatism. Some presume the existence of a direct linkage between neo-corporatism and the representation of social democratic parties in government. According to this view neo-corporatism equals consensus, in the sense of consensual, non-conflictual industrial relations. This is indicated by a low level of industrial conflict, that is, by co-operative trade unions. This co-operative attitude of trade unions is in turn brought about by the presence of social democracy in government. Marks (1986) links the existence of a consensual incomes policy in the Netherlands to "socialist parties (which) have participated as entrenched coalition partners, usually in some form of consociational arrangement" (260; see also 256, 269). This is a clear case of overdetermination (Przeworski 1983). Marks' analytical model simply equates neo-corporatism with the Dutch centrally guided, statutory incomes policy in the 1950s and is not able to address the subsequent changes since the 1960s, other

10. In studies about neo-corporatism on the meso-level, more attention is given to employers' organisations and their role and actions within neo-corporatist arrangements (Cawson 1985; van Waarden 1989; see also Crouch 1985; Marin 1985; Streeck and Schmitter 1985; Coleman and Jacek 1989).

than simply concluding that consensus about incomes policy usually seems to be lacking and, consequently, there is no (or much less) neo-corporatism.

Zimmermann (1986) and Curtis (1987) also find a linkage between social democracy and neo-corporatism. Zimmermann argues that neo-corporatism is a form of social democratisation of capitalist society, based on the co-operation of the working class with capitalist objectives of profitable production. He defines social democracy rather broadly: apart from social democracy proper, it also includes the workers' segments of the christian democratic parties and the christian trade unions. Neo-corporatism, according to Zimmermann, is the subject of political and ideological conflicts about state intervention aimed at social democratisation of society. Similarly, Curtis finds that although the social democratic - christian democratic Den Uyl coalition Government (1973-1977) tried to implement a corporatist strategy (as opposed to the corporatist system which, according to Curtis, had collapsed in the 1960s), the employers' organisations refused to co-operate. The christian democratic - liberal Van Agt coalition Government (1977-1981), on the other hand, chose to ignore the demands of the unions in favour of those of the employers' organisations.

Governments dominated by social democracy explain corporatism, argues Western (1991). Wilson (1990) and Kurzer (1991) go even further. Both state that empirically neo-corporatism is linked to, among other things, social democratic rule. Crepaz (1992) also produces a circular argument to explain the corporatist character of the Netherlands. Firstly, he concludes that there was social democratic dominance in the Netherlands during the 1970s. Then he finds a statistical significant relation between corporatism and social democratic government or even social democratic dominance or hegemony in his cross-national comparison. In turn, this is related to a high level of government spending (in percentage of GDP), or, in other words, the welfare state. Hence, the Netherlands is corporatist, because they also have a high level of government spending, combined with social democratic dominance in the 1970s. At this point in the analysis it becomes increasingly difficult to make any conceptual distinction between neo-corporatism and social democratic government (see also Esping-Andersen and van Kersbergen 1992).

This conceptual confusion of neo-corporatism and social democracy can be empirically disputed. For the case of the Netherlands, the link between neo-corporatism and social democratic rule, dominance or hegemony is more complex. There has never been a dominance, let alone rule or hegemony, of social democracy in the Netherlands, not even in the period 1945-1963, which most authors would regard as neo-corporatist. Rather, it is christian democracy that has been the dominant political partner in all coalition governments between 1917 and 1994. Smith (1988), Cox (1989) and Kurzer (1991) go back in Dutch history to find an explanation of the peculiar features of Dutch neo-corporatism.

They regard the Dutch variety of neo-corporatism as a result of the power struggle between Roman Catholics and Socialists since the early twenties. In their view, pillarisation in politics and society determines the peculiar shape of neo-corporatism in the Netherlands (see also van Waarden 2003).

Lijphart and Crepaz (1991) come to the same conclusion. Pillarisation, or consensus democracy, is the explanatory variable for the degree of corporatism in the case of the Netherlands. Corporatism is part and parcel of consensus democracy (235). Although their test shows that corporatism is comparatively related to social democracy participating in government, they find that in the Netherlands the degree of corporatism is higher than would be expected “on the basis of the degree of left-wing influence in (...) government” (243).¹¹

Keman (1984) and Paloheimo (1984) offer an additional explanation for co-operative policy-making in liberal democracies that are labelled neo-corporatist, but do not have experienced social democratic dominance in government. These democracies all have in common a system of proportional representation. A system of proportional representation usually yields no majority party. Consequently, there is a necessity of forming coalition governments. This in turn leads to a practice of co-operative policy-making, regardless of the composition of the (coalition) government of the day, that spills over to industrial relations and the economy as well. In a sense, in these democracies compromise is the only game to play, both in ‘politics’ and in ‘economics’.

The last dimension of the concept of neo-corporatism concerns the size of the country and its world market dependence. Again, there is no consensus among students of neo-corporatism about the relation between the size of a country and its neo-corporatist character. Some argue that the small size of a country in terms of its population and internal market - which means they have open and vulnerable economies that are heavily dependent on world market developments - leads these liberal democracies to adopt corporatist structures, institutions or mechanisms to cope with conflict as a consequence of change, by incorporating interest groups in socio-economic policy-making (Czada 1983; Katzenstein 1985; Western 1991; Crepaz 1992). Other researchers conclude that neither population size nor economic openness is a significant explanatory factor for neo-corporatism (Lijphart and Crepaz 1991).

Czada (1983) and Katzenstein (1985) find that the incorporation of interest groups is independent of the political persuasion of governments. For Western (1991) and Crepaz (1992) there is a strong relation with social democratic parties dominating in government.

11. See also Crepaz and Lijphart 1995; Keman and Pennings 1995; van Kersbergen 1995; Anderson 2001; Pennings and Vergunst 2001; Armingeon 2002 on the relations between neo-corporatism, consensus democracy, social democracy and christian democracy.

In other words, according to most researchers, the aim of neo-corporatism is to cope with the fluctuations of the world market. Essential to this arrangement is some sort of exchange between government and trade unions, that involves government expenditure on social security (including unemployment) in return for a policy of low wages by the unions. No concept of neo-corporatism seems to have any bearing on employers' organisations, except by default. That is, if from the absence of strikes or other industrial conflicts we may deduce that employers' organisations are also co-operating with trade unions and the government.

In the Netherlands, the period of the centrally guided, statutory incomes policy between 1945 and (approximately) 1963 was an era of fixed low wages and there seemed to be consensus in the institutions. The unions apparently agreed to this exchange, because the level of industrial conflict was very low. Therefore, most authors label this period neo-corporatist. However, from their contributions it remains unclear whether and how a trade-off between wages and transfer payments actually occurred in this period. Social security policy was formulated in parliament, outside of the process of negotiations about wages and other terms of employment between unions, employers' organisations and the government (Fernhout 1980; Teulings 1980; Nobelen 1983; Visser and Hemerijck 1997, 1998). Moreover, the Dutch welfare state only reached its zenith in the early 1970s, in terms of the (legal) framework covering workers' and citizens' rights. And only after the mid 1970s did the corresponding transfer payments began to reach a significant volume at all (Cox 1989; Andeweg and Irwin 2002: 188, 189).¹²

Rising wages and inflation in the 1960s and 1970s, increasing economic difficulties in the 1980s as a result of the two oil crises in 1973 and 1979/1980, and a process of polarisation and politicisation¹³, that is, increasing conflicts between unions, employers' organisations and the government, lead most researchers to conclude that neo-corporatism in the Netherlands is declining rapidly since the mid 1960s. However, this is precisely a period in which one would expect neo-corporatism to gain prominence as a possible way out of both macroeconomic problems and societal conflicts. Nevertheless, most researchers still consider the country to be more or less neo-corporatist, albeit not of a particular successful variety.

On the contrary, by the end of the 1980s, the Dutch case had become known internationally as the 'Dutch Disease', a model of institutional sclerosis and political stagnation, resulting in high levels of unemployment, massive transfer

12. In Daalder (2003) it becomes clear that the original idea with respect to social security insurance was that it ought to be developed as a 'means tested' system of benefits, instead of as a fixed 'flat rate' or as depending on previous income. That only came about in the 1960s and 1970s.

13. Politicisation can be described as a process by which 'emphasis on the genuinely specific rights of separate groups and organisations (...) generated more (and new) expectations, wants and demands, which eventually had to be converted into policy terms' (Foppen 1989: 92).

payments and a growing budget deficit (see Stokman 2000: 75; Andeweg and Irwin 2002: 186-189). Comparative research, however, still shows that as a neo-corporatist country the Netherlands perhaps did not do as well as other neo-corporatist democracies like in Scandinavia, but also not much worse than non-neo-corporatist democracies. And of course, since the mid 1990s the Dutch case is again a positive model, even for European Union policy concertation.

Essentially, when applied to the Netherlands, it turns out that the concept of neo-corporatism remains fuzzy and often defined in either circular or mechanistic ways. This leads to circular reasoning instead of an explanation as to how and why neo-corporatism in the Netherlands works (or not). The conclusion, therefore, must be that there is need for an in-depth analysis of the Dutch case within the general framework of neo-corporatism in order to disentangle the relationship between process and actors involved, as well as the related outcomes.

2.3 The Netherlands from a Dutch point of view

In the 1970s and 1980s two more or less separate debates on neo-corporatism were going on in the Netherlands. One focused on the problems of 'governmental overload', 'Unregierbaarheid' (Offe 1979) and 'overburdening' of the welfare state. The other on the many changes in the Dutch system of industrial relations during the 1960s and 1970s and their consequence for socio-economic government policy-making. Since the mid 1990s, political scientists and economists again became interested in the concept of neo-corporatism and its explanatory value for incomes policy, employment policies, welfare reforms and economic development in general. After more than a decade of austerity policies and high levels of unemployment, exacerbated by the economic recession of 1992/93 that followed the Gulf War in 1991, the Dutch economy finally seemed to be on the path of recovery again. How to explain this transition from 'disease' to 'miracle' is the contemporary subject of this renewed debate.

Increasing government expenditure on social security, pensions, health care and rising wages in the public sector, leading to ever-growing budget deficits in the 1970s and 1980s, are the central focus of research for a number of Dutch students of neo-corporatism. Within the networks of advisory bodies and civil servant bureaucracies of the various governmental departments, policies are formulated and subsequently implemented which put party government and parliament before accomplished facts and thus produce the budget deficits. Neo-corporatism becomes the new label to describe this situation (de Wolff 1979; Visser 1980; Wassenberg 1980; van Doorn 1981; Andeweg 1986; Sap 1995; see also van der Ploeg 1995).

The solution is almost self-evident: parliament and party government, which represent the general, public interest, should regain the initiative in policy for-

mation and implementation from these diffuse neo-corporatist networks of interest representatives and civil servants which are responsible for the budgetary and fiscal problems of the government (Uitermark 1979; de Wolff 1979; de Beus and van den Doel 1980). They analyse the efficiency and efficacy with which government subsequently indeed tries to cut costs to reduce the deficit (de Wolff 1984a, 1984b; Janssen and van der Made 1988; see also van der Ploeg 1999).

In this debate, neo-corporatism also refers to consensus, but this consensus among interest representatives and civil servants is not something desirable. It is rather something to be dreaded because it leads to the uncontrollable expenditure of public funds. In effect, this angle of research is a continuation of the Olsonian debate (1982) which focuses on the potentially damaging effects of strong interest groups on the attempts of party government to implement policies aimed at economic growth and full employment (see also Visser 1989). However, this line of argumentation can hardly be considered as a contribution to the international debate on neo-corporatism. The results do not add to or criticise the comparative views on neo-corporatism in the Netherlands, nor do they contribute to the development of the general concept (see also Dean 1984). It is a mere description of inertia, incrementalism and closed shops, conducive to inadequate policy-making (Kooiman and van Vliet 1993; Keman 1993a).

Other Dutch authors¹⁴ have discussed in great detail the changes in the Dutch system of industrial relations and centralised bargaining in the 1960s and 1970s in terms of a development from consensus and harmony between social partners in the 1950s, to conflict, polarisation and politicisation in the 1960s and 1970s. This demise of consensus has been labelled diminishing or disappearing neo-corporatism: no consensus, no neo-corporatism. In this respect, they tend to have the same outlook on Dutch developments as many of the comparative researchers. However, the characteristic feature of a crisis is the fact that consensus diminishes or even vanishes completely. The issue, therefore, is not so much whether neo-corporatism equals consensus in the institutions, but whether or not it is possible to restore the consensus, which has faded away, by neo-corporatist forms of conflict regulation. And whether this restored consensus eventually contributes to the solving of macroeconomic problems.

The remarkable transition from 'disease' in the 1970s and 1980s to 'miracle' in the 1990s is the subject of a renewed debate in the Netherlands on neo-corporatism since the mid 1990s. The first thing to establish is what the miracle is exactly about. Researchers generally agree that the miracle is about jobs. The Dutch Miracle is the Dutch 'job machine' (de Beer 1997; Visser and Hemerijck

14. These include: Akkermans and Grootings 1979; Teulings 1980; Akkermans and Nobelen 1983; Arendsen and Geul 1983; Nobelen 1983; Geul et al 1985a, 1985b; Nobelen et al 1985; Terlouw 1985; and Albeda and Ten Hove 1986.

1997; Hazeu 1998; Kleinknecht 1998; Hartog 1999; Delsen 2000; SCP 2000; Hemerijck and Visser 2000; Hogenboom and van Vliet 2000: 2; van Sinderen 2000: 21, 22).

Researchers, however, disagree as to the actual extent of the miracle. Some researchers point out that most of these jobs are part time jobs, occupied mainly by young people and by married women (Salverda 1999; WRR 2000: 45-49; Hemerijck et al 2000; Becker 2001; Hemerijck 2003: 35-37; Keman 2003). Other researchers argue that this is the reason why total employment in the Netherlands has not significantly increased in the 1990s and, conversely, 'broad unemployment'¹⁵ has not significantly decreased in the 1990s (see also Green-Pedersen 2001: 969 and Hemerijck 2003: 39).

For instance, Hoogenboom and van Vliet (2000: 3), and Keese (2000: 55-57) show that when compared to other European nations, total employment at the end of the 1990s was only slightly above the European average, where it used to be in the bottom rungs. In that sense, they view the Dutch 'job machine' in the 1990s more as a process of normalisation (that is, regressing to the European average). Total employment in the Netherlands finally caught up with that in other European nations. And, compared over time in the Netherlands, Scharpf (2001: 66) shows that total employment of 61.8% in 1998 was only slightly above total employment of 61.6% in 1970, after reaching an all time low of 50.9% in 1985. What has changed however, is the composition of the workforce. Men above 55 years of age have largely stopped working. They have been replaced by mainly part time working young people and (married) women (WRR 2000: 45-49; Hemerijck et al 2000; Becker 2001; Hemerijck 2003: 35-37; and Keman 2003).

With regard to 'broad unemployment', research by the SCP (2000: 284) shows that that was still 19.1% in 1999, compared to 18.6% in 1979 and 21.9% in 1992 (see also: Hogenboom and van Vliet 2000: 16/17, 21/22; Keese 2000: 57-59; van Sinderen 2000: 24; Andeweg and Irwin 2002: 183, 184; the Economist 2002: 7; and Hemerijck 2003: 39). Hence, the 'miracle' tends to be a catching-up effect (comparatively) and a shift of labour to 'new' segments on the labour market (Keman 2003).

The explanations for the miracle vary as well. Some researchers favour the explanation that the job machine is due to the Central Agreement concluded between unions and employers' organisations in December 1982. In this 'Wasse-naar Agreement', wage moderation was exchanged for a reduction in working hours, increased profitability of companies, and, in the long term, jobs (Visser and Hemerijck 1997; Hazeu 1998; Hemerijck and Visser 2000). By adhering to

15. Broad unemployment is the proportion of the labour force claiming unemployment benefits, disability benefits and welfare benefits.

the terms of this agreement, unions and employers' organisations lay the basis for the job machine of the 1990s. In other words, the job machine is a success due to the flexible character of Dutch neo-corporatism (Hazeu 1998; see also Hartog 1999). Others, however, point out that this wage moderation during the 1980s can be simply explained by the level of unemployment (de Beer 1997; Delsen 2000; SCP 2000; Hogenboom and van Vliet 2000: 7-10; van Ewijk 2000: 47, 48). This means that the Dutch 'job machine' may even carry the seeds of its own destruction. Wage moderation hampers technological and other innovation. This may result in extra heavy losses of employment in future economic downturns (Kleinknecht 1998; Jones 1999).

Visser and Hemerijck (1997) and Hemerijck and Visser (2000) combine both arguments. In their view it is the (policy) learning capacity of the trade unions, albeit under pressure of steeply rising unemployment in the late 1970s and early 1980s, that made the exchange possible. Visser and Hemerijck, Hazeu and Hartog come to view the period between roughly 1970 and 1982 as the exception in Dutch neo-corporatism, the period in which neo-corporatism did not function properly. Conversely, the periods 1945 to about 1970 and from 1982, in their view, should be considered as periods in which Dutch neo-corporatism does its proper job: achieving a balance between wages, jobs and social security. This view suggests at least the possibility of a cyclical tendency in Dutch neo-corporatism in which recurrent employment and deficit crises may lead to the necessity of recurrent agreements to counter these crises. From that perspective we may expect that periods in which neo-corporatism apparently functions effectively alternate with periods in which neo-corporatism does not function effectively (see below).

The apparent success of Dutch neo-corporatism since the mid 1990s also leads to a reappraisal of neo-corporatism in economic theory. Teulings (1995, 1996, 1997) and Teulings and Hartog (1998) show that the conventional economic wisdom that neo-corporatism stands for inflexibility of wages, because unions protect the workers inside from the unemployed workers outside, is not correct comparatively. On the contrary, neo-corporatism, by virtue of centralised co-operation between unions and employers' organisations, can cope very well with unemployment by introducing wage flexibility. Not only in the Netherlands, but also in other neo-corporatist democracies. It turns out that it is especially in those liberal democracies where labour relations are most decentralised, like for instance in the USA, that wage flexibility is lowest.¹⁶

16. Not only is wage flexibility markedly higher in neo-corporatist liberal democracies with centralised co-operation between trade unions and employers' organisations, the degree of wage inequality is also much lower in these countries (Wallerstein 1999: 676; see also Cameron 1978: 1258; Minnich 2003; Teulings 2003; and Wallerstein and Moene 2003).

Cörvers and van Veen (1992) and Keuzenkamp (1996) concur with this positive reappraisal of neo-corporatism, but point to its inherent weakness. The level of centralised bargaining determines the impact neo-corporatism can have. The more centralised bargaining is, the more effective neo-corporatism works. But bargaining becomes more and more decentralised in the aftermath of the 'Wassenaar Agreement' of 1982. Therefore they question whether neo-corporatism should be continued at all (Keuzenkamp), or can maintain its function as a mechanism for policy co-ordination under unfavourable conditions (Cörvers and van Veen).

Teulings, Hartog, Keuzenkamp, Cörvers and van Veen do not consider this Dutch corporatism in the 1990s to be a new ('Polder') model. Neither do other researchers, like for instance van Empel (1997), Visser and Hemerijck (1997), Hazeu (1998), Hartog (1999), and van Waarden (2002) (see also Andeweg and Irwin 2002: 145, 147, 148, 182, 213). The expression 'Polder Model' came in use in the late 1990s as a popular Dutch and international catch phrase in the public and political debate to describe the then apparently successful Dutch neo-corporatism that had produced the 'Dutch Miracle'. The expression 'Polder Model' was also used to distinguish this successful Dutch neo-corporatism from the much less successful Dutch neo-corporatism of the 1970s and 1980s that had produced the 'Dutch Disease' (see Becker 2001a; Andeweg and Irwin 2002: 186-192).

Hartog (1999: 484), stresses that there is no special Dutch (polder) model. It is simply the peculiar brand of Dutch corporatism "with consultation, co-ordination and bargaining over all important issues of socio-economic policy between union federations, employer federations and the government". Dutch corporatism is highly flexible and capable of adjustment to changing circumstances. Van Waarden (2002: 44, 50, 63, 64) agrees with this view. Corporatism in the Netherlands is more than wage bargaining on the macro-level. The Dutch economy is a co-ordinated, concerted economy in which social partners and the government co-operate in many policy areas and on all levels: micro, meso and macro. It is precisely this broad co-ordination and concertation that has positively contributed to the country's economic performance in the 1990s.

Hogenboom and van Vliet (2000: 4, 12, 30/31), economists working at the Ministry of Economic Affairs, have a slightly different appraisal of the 'Dutch Miracle' and the 'Polder Model' that produced the miracle. In their view it is government policy that is at the heart of the success of the 'Polder Model'. The 'Polder Model' consists of a combination of five policy instruments and goals. From the early 1980s, government policy consistently aimed at deficit reduction, reduction of the costs of the system of social security, wage moderation, more competition and a stable currency. Eventually that produced the economic recovery and job growth that constitutes the 'Dutch Miracle' (see also van Sinderen 2000: 22; and Stokman 2000: 75). And many of those policies were implemented against heavy

opposition from sections of society, including trade unions and employers' organisations (see also Gelauff 2000: 36; Delsen 2000: 172).

Keman (2003) discusses and investigates another body of literature concerning the 'Polder Model'. That literature concerns the question whether the 'Polder Model' may be interpreted as a Dutch variety of the social democratic 'Third Way' with regard to active labour market policies. The Dutch 'Polder Model' appeared to be based on the new social democratic - liberal governments from 1994 and was considered to be responsible for the ensuing 'Dutch Miracle' in terms of employment. Keman's conclusion is that this 'Polder Model' in terms of institutional co-operation and active labour market policies indeed produces more jobs. However, these are mainly part-time jobs for young people and women, and that job growth does not result in either more total employment or less 'broad' unemployment, comparatively speaking.

In other words, since the mid 1990s neo-corporatism in the Netherlands, or colloquially, the 'Polder Model' as it was now generally referred to (Andeweg and Irwin 2002: 145, 147, 148, 182, 213), is again considered a viable mechanism for policy co-ordination between especially trade unions and employers' organisations as it had apparently now produced a 'Dutch Miracle', after the 'Dutch Disease' of the 1970s and 1980s. Teulings and Hartog (1998), Hartog (1999), van Sinderen (2000), Stokman (2000), Hogenboom and van Vliet (2000), and van Waarden (2002) stress the role of the government as a third (and quite often dominant) party involved in macroeconomic policy co-ordination.

Depending on the researcher, either the 'Wassenaar Agreement' of 1982, or high levels of unemployment, or the flexible adjustment of Dutch corporatism, or government policy eventually pays off in terms of (part-time) jobs after the mid 1990s. It is evident that the time factor is crucial in the Dutch debates on neo-corporatism. In the early debates in the 1970s and 1980s neo-corporatism is either the cause of all problems, or on the wane due to declining consensus and growing macroeconomic problems. In the recent debate since the mid 1990s neo-corporatism is again considered as a possible explanation for restored consensus, economic growth and jobs.

In effect, this application of the concept of neo-corporatism runs the risk of becoming merely a label for a description of historical events in the Netherlands. Events which show that the Dutch system of industrial relations and macroeconomic policy formation sometimes works effectively (neo-corporatism producing a 'Dutch Miracle'), and sometimes not (none or less neo-corporatism producing a 'Dutch Disease'), depending on the circumstances. Hence the concept is not used as an analytical tool, but only as a descriptive framework without much explanatory value.

2.4 Neo-corporatism as a government strategy

My main objections against most of the conceptualisations of neo-corporatism in the earlier debate in the 1970s and 1980s is that they are rather static and of a dichotomous character. For example, the often exclusive focus on the formal, institutional aspects, instead of on the way in which these institutions work. If there are industrial relations' institutions, there is neo-corporatism. If there are no institutions, or only a few, there is (less or) no neo-corporatism. When researchers investigate the way in which institutions work with regard to neo-corporatism, their main attention is focused on consensus, expressed by a low level of strikes, voluntary incomes policy and the like. If there are few strikes and a voluntary incomes policy, there is consensus and thus neo-corporatism. If there is a high level of industrial conflict and no voluntary incomes policy there is no consensus and consequently (less or) no neo-corporatism. However, these are merely descriptive relationships, no causal arguments, but rather post hoc observations.

When researchers investigate the activities of the relevant actors within the institutions, there is often a rather one-sided attention for unions: co-operative behaviour, structural characteristics like centralisation, whether or not there is a single, unified trade union organisation, and density. Employers' organisations are ignored or taken for granted.

Researchers' attention for government action is usually limited to the question whether or not government interferes in the process of collective bargaining with statutory policies. If it does, there is (less or) no neo-corporatism.

Lastly, when researchers investigate (the composition of) party government, their attention is almost exclusively focused on social democracy. Social democracy in government and neo-corporatism sometimes appear to be interchangeable concepts: when there is no social democracy in government, apparently there can be no neo-corporatism (but see Wilensky 1981).

Essentially, there is no allowance for change, for the possibility that neo-corporatism may change and vary over time, and that it may also be more, or less, successful as well (but see recently Siaroff 1999; Kenworthy 2001, 2003; Penning and Vergunst 2001; Molina and Rhodes 2002; Traxler 2004; and Vergunst 2004).

The Dutch debates in the 1970s and 1980s on the other hand, do not contribute much to the comparative views on neo-corporatism in the Netherlands, or to the development of the general concept. The recent Dutch debate of the 1990s is on the one hand a continuation of the debate on changing industrial relations and centralised bargaining in the Netherlands. Historical events have shown a return to both consensus in the institutions since 1982 and a better macroeconomic performance in the 1990s. Although the research clearly shows that neo-corporatism can change and vary over time, it is essentially a historical description

of the working of a (either unstable or on the contrary very flexible) mechanism for policy co-ordination between trade unions and employers' organisations.

On the other hand, however, this renewed debate on neo-corporatism does take into account some of the objections raised above. Especially with regard to the conceptualisation, much is owed to Katzenstein (1985). Katzenstein proposes a conceptualisation of neo-corporatism as a political mechanism to cope with conflict as a consequence of change, by incorporating both political parties and government, and organised interest groups in the formation and implementation of incomes policy. In particular the dependence of a country on the world market ('economic openness') is a condition for corporatism. Dependence on the world market particularly affects liberal democracies with a small market economy, in terms of Gross Domestic Product (GDP), which in turn may explain the development of corporatist strategies in these democracies (see also Cameron 1978, 1984¹⁷). In addition, Katzenstein stresses that this occurs foremost in those political systems that are characterised by a high degree of party fragmentation, proportional representation and strong linkages between political parties and organised interests, which is the case in smaller West European democracies, including the Netherlands (Katzenstein 1985: 94-104). Despite all the changes, and the resulting conflicts and problems in the Netherlands during the 1960s and 1970s, the country has managed to cope with these, and therefore it is still a case of democratic, liberal corporatism. Because that is what corporatism is all about: a political mechanism to cope with conflict as a consequence of change.

Jones' (1999) view on the 'new' or 'competitive' corporatism in the Netherlands in the age of 'globalisation' also uses Katzenstein's conceptualisation as a point of departure. The Dutch 'Polder Model' is neither new, nor unique. It is essentially a mechanism to facilitate adjustment to the demands of 'globalisation': a flexible labour market (part time jobs) and a leaner welfare state, by trilateral bargaining (see also Hartog 1999).

Keman (1985: 22-24) proposes a conceptualisation of neo-corporatism as a political strategy of the government for policy formation and implementation which operates parallel to parliament, but within the framework of parliamentary democracy. The relevant actors - party government, trade unions and employers' organisations - their actions and the balance of power, are all part of the analysis. This conceptualisation does not imply that neo-corporatism supersedes

17. Cameron develops a similar argument. A high dependence on the world market induces liberal democracies to use the 'public economy' (1978), or 'social wage' (1984) as a defensive measure against international competition. Wage restraint is exchanged for compensating incomes or employment policies in order to maintain competitiveness. This exchange is possible because democracies with a high dependence on the world market usually have relatively well organised trade unions and employers' organisations. That, in turn, is conducive to a nation-wide scope of collective bargaining that makes the above exchange possible.

parliament. Parliament and party government share co-responsibility for the results of a neo-corporatist strategy. Both as an actor (government) and as the ultimate authority that sanctions the outcome of the strategy (parliament). As a strategy, neo-corporatism can be effective as a mode of conflict regulation between the relevant actors, if and when it contributes to a government policy that fosters economic growth and maintains or restores consensus. As the economic crisis deepens in the 1980s, this becomes more difficult (see also Braun and Keman 1986).

Zimmermann (1986) is another example of explicitly using the strategy concept to analyse the occurrence and development of neo-corporatism over time. In his view, neo-corporatism is a political strategy to counter the economic crisis by means of package deals as a policy instrument. In exchange for wage moderation by the trade unions, the government provides compensatory transfer payments to achieve the shared goal of economic growth. Policy formation is conceived as both the subject and result of political conflicts arising from worsening economic circumstances. However, if the circumstances do not improve, this type of problem solving by means of exchange becomes increasingly difficult. Therefore, he regards the politics of problem solving by means of a neo-corporatist strategy to bring about policy agreement among the socio-economic actors as only temporarily useful. Flexible adjustment policy-making by the government has its limits. As the economic problems become more severe, this exchange becomes increasingly difficult. In the 1980s, according to Zimmermann, the Dutch government therefore effectively ended this strategy.

For Lehner (1987: 58, 60-61, 65), the Netherlands between 1960 and 1980 is a clear case of strong neo-corporatism. Neo-corporatism is a government strategy aimed at tripartite concertation on a broad scope of issues and an encompassing co-ordination of incomes policy. This strategy is effective with respect to the avoidance of labour conflicts and reducing unemployment, but at the cost of expansion of the public sector. And, as we shall see in the next chapters, from the late 1970s the growing size of the public sector became the major policy issue for Dutch government until the late 1990s.

Armingeon (1994: 19) and Keman and Pennings (1995: 273) also represent the strategic point of view. Neo-corporatism is about collective decision-making between party government, trade unions and employers' organisations. Under the assumption of all actors involved that another strategy may result in sub-optimal results (see also Molina and Rhodes 2002: 316-318). It is this use of the concept of neo-corporatism as a government strategy that makes it, in my view, superior as an analytical, rather than simply a descriptive tool as is the case with much of the concepts discussed above. It is the combination of behaviour and institutionalised action that is exemplified in the term 'neo-corporatism as a strategy'.

Applied to the Netherlands, Czada (1987: 31-2, 43) clearly shows that the actual strategy adopted by Dutch governments to cope with the economic problems in the 1980s can only be fully understood by taking into account the specific economical, political and societal features of the Netherlands. Firstly, as the country's dependence on the world market is so high, one can expect the effectiveness of any interventionist national socio-economic policy to be limited. This means that there are virtually no effective alternative policies to maintain competitiveness on the world market, let alone to cope with the economic recession, than compensatory social policies in exchange for wage restraint (see also Cameron 1978, 1984).

This state of affairs is reinforced by, secondly, christian democratic dominance in coalition governments. Christian democracy favours compensatory social policies of income maintenance and other subsidies above other possible socio-economic policies (see also Braun 1989 and van Kersbergen 1995).

Thirdly, christian democratic emphasis on income maintenance in turn leads to a sectoral emphasis on incomes policy as the main instrument to achieve overall socio-economic preferences. Active labour market and industrial policies are not pursued as they are in social democratic oriented neo-corporatist democracies. The exceptionally high unemployment in the Netherlands in the 1980s was matched with equally high compensatory transfer payments. And that was precisely the problem for Dutch governments. Unemployment could only be solved by a combination of wage moderation and market forces; the unemployed had to be compensated by transfer payments; but the government increasingly lacked the funds to execute that policy. Hence the growing budget deficits (see also Zimmerman 1986 and Braun 1989).

Essential to this strategic conceptualisation of neo-corporatism is the relative autonomy (institutions) and the mutual instrumentalisation (game) of the actors involved. The rules of the game ensure both the relative autonomy of the actors, and the possibility (not the necessity or inevitability) for mutual instrumentalisation, that is, the possibility to come to joint or interdependent action. Employers' organisations and unions have the option to co-operate or not with each other and with the government. The government can also opt to follow a neo-corporatist strategy of policy formation and implementation or rather choose to impose policies on employers' organisations or unions. The interactions between the relevant actors are by and large the result of the extant 'rules of the game' (institutions) and the perceived need to co-operate in order to achieve optimal outcomes for all (mutual instrumentalisation) (see Keman 1992).

This elaboration of neo-corporatism as a government strategy also makes clear that this type of political interaction is different from the parliamentary 'game' of policy formation and problem solving. The 'rules of the corporatist game' are much more fluid and flexible and consequently more vulnerable. Stalemates may

emerge, and one or more of the actors may 'defect'. In contrast, liberal democratic practice is strongly influenced by the constitutional institutionalisation of its decision-making process. Although these rules can certainly be abused, or may induce perverse behaviour, they nevertheless define to a large extent the possible room to manoeuvre (Tsebelis 1990; Laver and Shepsle 1995; and Keman 1997). Therefore, it is vital to incorporate into the concept - however vague it may appear - the degree of mutual dependence of the three actors involved on each other's willingness to co-operate. To a large extent they need each other's co-operation to accomplish their own goals. Each actor therefore tends to make its own co-operation to create a policy choice that is acceptable for each and everyone contingent on the policy options available and on the concessions of the other actors involved (van Brakel et al 1985: 3-6; Keman 1985; Scharpf 1987, 1998: 53-57).

The autonomy of the actors is, however, not unlimited. Both the formal 'rule of law' and the more informal institutional setting of consultation and negotiation between the societal actors set constraints. Based on the formal 'rule of law', ultimately the outcome of the neo-corporatist strategy has to be sanctioned by parliament. That is, the context in which societal actors operate is determined by the 'rule of law'. Theoretically, therefore, constitutional government can make the rules of the game. On the other hand, there are the informal rules and practices that societal actors have to develop as they go, to be able to 'play the game'. These informal rules can only function if actors keep to them and that may be dependent on power relations in terms of veto points and sanctions (Olsen 1998). Nevertheless, within a setting of co-operative policy-making, be it between political parties in a system of proportional representation, or between party government and interest groups in a neo-corporatist setting, the options of open conflict or outright 'defection' are much less accessible than within more pluralist settings.

This interdependence of actors can be best understood by combining a Rational Choice-approach with some of the insights gained from the New Institutionalism-approach: Rational Institutionalism (Keman 1992, 1999; see also Shepsle 1997; Scharpf 1987, 1998; and Braun 1999). According to the Rational Choice-approach, each actor will act according to its perceived self-interest, that is, each actor will make a cost - benefit calculation of the goals pursued, in relation to the goals pursued by other actors. This calculation takes into account that, in order to avoid sub-optimal outcomes, policy agreements need to be encompassing and to avoid zero-sum outcomes. A neo-corporatist government strategy can facilitate such a solution by providing public goods, for example the redistribution of economic welfare by means of social security benefits, that are binding for all involved, in exchange for co-operation to achieve macroeconomic stability by means of wage restraint, that will be beneficial for all (Mueller 1989; van den

Doel and van Velthoven 1989).

The New Institutionalism-approach on the other hand, points to the constraints on the actions of the different actors within the institutions. The feasibility of their actions motivated by self-interest is limited or defined by their room to manoeuvre. Each actor's feasible self-interest is translated into a set of options (Elster 1979, 1985), aimed at attaining an optimal solution within the specific socio-political situation (Keman 1992, 1999). The room to manoeuvre is heavily dependent on the styles of decision-making within the institutions (Scharpf 1987, 1998). Therefore, institutions can be seen as intermediating variables in which a trade-off or even a pay-off of intentions and feasible options can take place, in such a way that zero-sum games are the exception rather than the rule. A positive-sum game is feasible, given the knowledge and information each actor has about needs and interests of themselves and of each of the other participating actors, which translate into a feasible set of options for each actor, and the institutional constraints that limit each actor's ability to 'defect'. In turn, through the recurrent process of consultation and negotiation, this stimulates the occurrence of a 'logic of accommodation', instead of a 'logic of conflict'. In this sense, societal conflict, as part of the process of consultation and negotiation, is the basis for consensus building by co-operation and compromise (Keman 1992, 1996; see also Tsebelis 1990; Czada 1998; and Molina and Rhodes 2002).

Government plays a vital part in this process. As Keman (1999: 263-265) shows, in the neo-corporatist arena all actors usually have comparable lists of needs and interests. But almost by definition these needs and interests differ in importance attached to them by the actors involved. And usually trade unions and employers' organisations have quite conflicting ranking orders. This implies that government has to mediate and to encourage the occurrence of viable agreements (compromises). At the same time, the government itself is also an actor with a comparable list of interests in a certain ranking order. To reach agreement between all three actors, it will be necessary to try and reorder each actor's list of interests on the basis of potentially shared interests. In the process of consultation and negotiation, with all corresponding conflicts, it becomes clear whether or not this reordering may occur and an agreement (compromise) can be reached, sanctioned by parliament (see also Delsen 2000: 172; Molina and Rhodes 2002: 316-318). This agreement is what Shepsle (1997: 283, 284) defines as a 'structure induced equilibrium'. An important aspect of this type of Rational Institutionalism is that 'preferences' are not assumed to be given but can be altered during negotiations and, thereby, can produce an 'equilibrium' in the end. Such an agreement is then viewed as the stepping stone towards the 'preferred' outcome of all actors involved. This 'preferred' outcome is then the 'core', that is the agreement that is preferred by both actors above all other alternatives (see chapter 3, section 3.2.6 and chapter 6).

Relative autonomy and mutual instrumentalisation of the actors involved, therefore, do not suggest that there is a symmetrical relation of power between the actors. There is not only a clear distinction in the sources of power between public corporations like trade unions and employers' associations on the one hand and the government on the other hand, but the sources of power which employers and unions can command differ too. The government, based on a majority in parliament, can legally impose a specific policy on employers or unions, that is, force one or both of them to adopt a certain pattern of behaviour (formal rules). Employers on the other hand, by exercising their rights of control, can to a large extent determine the limits, which are set to government policy and union influence (export of capital, relocation of production¹⁸). Lastly, the unions' source of power is basically their level of organisation and the measure of their incorporation in the party system. Both government policy and the employers' right of control set limits to their power. Nevertheless, to a certain extent the three actors depend on each other's co-operation and conflicts can be very costly to all participants, or at least lead to sub-optimal outcomes or a generally diminishing economic performance (informal rules). Therefore, the nexus between neo-corporatism as a strategy and considering the resulting agreement as a representation of an equilibrium that induces the core, is a crucial element in this thesis.

The concept of neo-corporatism as a political strategy of the government to obtain policy agreement or to restore consensus by continued co-operation and compromise under the conditions of relative autonomy and mutual instrumentalisation of the actors involved, implies that its occurrence is a typical phenomenon of West European politics and society after 1945. Neo-corporatism as a government strategy is a correlate of economic developments in terms of growth, stagnation and even 'crisis'. In particular in the Netherlands and the other small liberal democracies under review here, with their open economies and high dependence on the world market, the perception of the performance of the national economy by the actors involved is an important factor in the development and occurrence of neo-corporatism. Whether the societal actors will opt for co-operation will be influenced by their perception of the general economic situation, as well as by the position and role of party government.

The extent to which the economic situation is perceived as being troublesome or worrying is relevant for the role of the government as well. Both the composition of governments and existing patterns of socio-economic policy are factors in this process. Therefore, party government and (the composition of) parliament may have a strong impact on the type and extent of socio-economic policy-making.

18. But see Kleinknecht (1998: 5-7): even in this era of globalisation, companies are much less 'foot-loose' than often assumed by globalisation theorists.

The extent to which a neo-corporatist strategy of socio-economic policy-making is feasible and can be successful at the end of the day, depends on all these factors, which are only to a limited extent open to manipulation (Keman 1993). Recently, the notion of 'policy concertation' as an alternative term to corporatism and its varying notions of co-operation between social partners and government was introduced (Compston 2003). Policy concertation, defined as "making policy by means of agreements struck between government officials and representatives of employer associations and trade unions" (Compston 2003: 787) closely resembles the concept of neo-corporatism as a government strategy for conflict regulation that I have developed here, except for one important aspect: the role of the government. In the concept of neo-corporatism as a government strategy for conflict regulation, the government is the actor that mediates viable agreements between social partners, the actor that has its own ranking of interests, and the actor that, through parliament, has to sanction the outcome of the negotiations. Whereas in the concept of policy concertation, government is an actor on the same footing as social partners, and policy concertation between these three actors is simply a function of varying configurations of three variables: "perceived problems, the degree of shared economic understanding among the participants and the perceived implementation capacity of the participants" (Compston 2003: 787).

To sum up the argument so far: the concept of neo-corporatism as a government strategy allows us to overcome the usually rather static and dichotomous conceptualisations of neo-corporatism in the system and structure approach. By taking the time factor into account, we can incorporate economic change and variations in institutionalisation of political and societal actors in the analysis. Defining neo-corporatism as a government strategy enables us to understand variations in both behaviour and performance. The Rational Institutional approach constitutes an analytical instrument that is capable to explain change and variation: change and variation in government strategy, in style of decision-making, and in macroeconomic performance.

2.5 Neo-corporatism as a government strategy and incomes policy

As we have seen, in the international debate on neo-corporatism it is more often than not defined as a certain measure of co-operation or consensus between party government and employers' organisations and trade unions to manage the economy without endangering social and political stability. The aim is to keep (the rise of) labour costs in check, inflation low, and, as a consequence, competitiveness on the world market and employment up, in exchange for expenditure on social security and employment measures. The key policy instrument for this co-operation is incomes policy (see sections 2.2 and 2.4). In my conceptualisation of neo-corporatism as a government strategy, the strategies of the actors

involved in the formation and implementation of incomes policy in the Netherlands will be the starting point of the investigation. In this section I shall elaborate the concept of incomes policy and its relation with the concept of neo-corporatism as a strategy.

Generally, incomes policy is defined as a government policy aiming at wage moderation to keep inflation down and employment up (Bannock et al 1977; Braun 1986; Armingeon 1992; McLean 1996). The assumption underlying this policy is that higher wages lead to higher unit labour costs. Higher unit labour costs lead to higher prices. Higher prices have two effects. Firstly they spur new claims for higher wages and that may lead to spiralling wages and prices. Secondly, they may lead to a loss of market share on the world market. That in turn can lead to a lower level of economic activity, and in the end to increased unemployment.

And even if inflationary influences come from another source, for instance from abruptly rising oil prices during the two oil crises in 1973 and 1979/1980, an incomes policy aimed at wage moderation can contribute to a reduction in cost increases for employers. That may protect competitiveness on the world market, and, ultimately, keep unemployment in check.

Therefore, all actors involved, party government, trade unions and employers' organisations, have a vested, and sometimes conflicting, interest in the formation and implementation of incomes policy. For all actors, however, the bottom line is competitiveness (on the world market) and employment: work and profit.

The actual measures used in incomes policies may vary considerably (Braun 1986: 4-6). They range from short-term wage 'freezes' to a "co-ordinated system of wage and salary determination", from 'voluntary' to 'mandatory guidelines', from efforts to influence public opinion "to promote the argument for moderation of pay claims" to "tax-based incomes policies".

The key role of incomes policy in neo-corporatist arrangements of socio-economic policy-making comes to the fore in both the international and Dutch studies. In the international studies, Armingeon (1983) identifies cross-nationally two types of neo-corporatist incomes policies. The first is a consultative incomes policy in which the government, trade unions and employers' organisations co-ordinate wage and price policies on an informal basis. The second is a packaged incomes policy in which the three actors strike a broad policy agreement that also includes wages (see also Armingeon 1992).

Panitch (1979) identifies incomes policy, defined as setting wage norms, as being the very heart of neo-corporatism cross-nationally. Co-operation on incomes policy involves the three actors in consultations on other macroeconomic policies as well. Lehmbruch (1979) concurs with this finding. Cross-nationally, neo-corporatism is characterised by close co-operation between the government, trade unions and employers' organisations in the formation and implementation of

economic policy in the broadest sense. Incomes policy, defined as wage and price restraint, is its core domain.

Marks (1986: 253) identifies neo-corporatism as consensus on incomes policy as part of a comprehensive macroeconomic program. Cameron (1978, 1984), Czada (1983), Katzenstein (1985), Western (1991) and Crepaz (1992) likewise find that, cross-nationally, world market dependence leads liberal democracies to incorporate trade unions and employers' organisations in socio-economic policy-making in which incomes policy is the key policy area and instrument.

Recently, Siaroff (1999: 177) concludes after reviewing the vast body of cross-national neo-corporatist research that the main features of neo-corporatism can be summarised as "the co-ordinated, co-operative, and systematic management of the national economy by state, centralised unions and employers". Key to that management are highly centralised wage bargaining, leading to a voluntary incomes policy; a key role for trade unions and employers organisations in the implementation of other social programs and policies; and the institutionalised co-operation of these actors in the formation and implementation of government policies. That is, co-operation on the issue of wages is embedded in co-operation on wider issues regarding incomes and macroeconomic performance in general (see also Molina and Rhodes 2002: 316-318).

In the Netherlands various expressions are used to describe what is generally referred to as incomes policy. For instance, 'loonbeleid' or 'loonpolitiek', which can be translated literally as wage policy. Or more encompassing 'loon- en inkomensbeleid', which translates literally as wage and incomes policy. The key role for incomes policy in management of the economy is reflected in the issues involved in incomes policy. In the Netherlands incomes policy not only can include price restraint policies, but also policies with respect to social security premiums and benefits, old age pensions, the statutory minimum wage, statutory holiday allowances, price indexation or compensation of wages or benefits, blocked savings accounts with special tax exemptions, and so on. In general, it refers to all policies that affect incomes and earnings of the great majority of the population (wage earners, and people on benefits and pensions) and that have a bearing on the wider macroeconomic objectives like inflation, economic growth and (un)employment. These policies can be the subject of co-ordination (or negotiations) between the government, trade unions and employers' organisations (see also Braun 1986: 4-6).

Incomes policy in the market sector in the Netherlands may be government directed (until 1987), or the result of either co-ordination of government policies with those of trade unions and employers' organisations, or negotiations between these actors.

Incomes policy always remains one of the government's main macroeconomic responsibilities as it is considered to be the cornerstone of macroeconomic

government policy. Traditionally macroeconomic policy in the Netherlands has several objectives that have to be balanced against each other. The main objectives are firstly a balanced labour market, that is full or nearly full employment. Secondly, a balanced level of economic growth, that is avoiding boom and bust cycles. And thirdly, stable prices, meaning low inflation. Secondary objectives are a fair distribution of incomes and a positive balance of payments (Beishuizen et al 1976; see also Albeda et al 1998: 263).

A balance can be achieved by the formation and implementation of incomes policy. The central element in incomes policy is wage costs. Incomes policy aims at controlling wage costs. Wage costs are made up by wages proper, including the legal minimum wage, and by premiums for social security benefits and pensions, and taxes. Wage costs can therefore be affected by both wage rises and by taxes and social security premiums. Incomes policy in the Netherlands therefore always involves trade unions and employers' organisations, as well as the government, as all three actors can affect part of the combined objectives. Although since 1987, the Dutch government has relinquished its legal rights to intervene directly in wage formation in the market sector with binding measures, the government is still very much involved in wage formation by setting the level of the legal minimum wage and holiday allowance, the level of social security benefits and pensions, and the level of taxes. The government also retains the legal right to refuse the extension of a collective agreement between trade unions and employers' organisations on the branch level to a whole industry (see chapter 3, section 3.2.2). Finally, the government also retains the legal right to intervene directly in wage formation in the (semi-) public sector (Albeda et al 1998: 264, 265).

Both in the Dutch literature and practice, and in the international research on neo-corporatism, incomes policy as part of a broader macroeconomic programme, is identified as the key policy instrument for co-operative management of the economy by party government, trade unions and employers' organisations. Co-operative macroeconomic management is seen as induced by world market dependence, particularly in most small neo-corporatist West European democracies. The objective of this macroeconomic management is to keep competitiveness on the world market up by controlling inflation to secure economic growth, employment, and balanced public expenditure. For the purpose of my research I will also use the term incomes policy.

From the conceptualisation of neo-corporatism as a government strategy, the research into Dutch incomes policy will focus on the interactions between party government, trade unions and employers' organisations during the annual negotiations on wages and related issues between 1965 and 2000. Both interactions and the related outcomes depend on the strategies employed by the actors involved. Actors are autonomous, but at the same time each needs the other's co-

operation to reach their own goals. So there is an incentive for co-operative strategies, but also a certain room to manoeuvre since they are interdependent in the end. To some extent, employers' organisations and trade unions have the option to co-operate or not with each other and with the government. Likewise, the government can opt to follow a neo-corporatist strategy of policy formation and implementation, or not. However, although the actors' agendas may determine their interactions, their agendas cannot determine the outcomes. The investigation will establish all three actors' interactions and their (joint) outcomes on an annual basis between 1965 and 2000 (see Appendix, and chapters 4 and 5). Next I will establish whether these (joint) policy outcomes were indeed effective in terms of the agendas of the actors involved (see chapter 6).

Then I will investigate the relation between a neo-corporatist government strategy and the composition of the government in terms of participation of social democracy (see chapter 7).

Lastly, I will discuss Dutch policy performance and macroeconomic performance in comparison with the policy performance and macroeconomic performance of other (groups of) liberal democracies (see chapter 8).

2.6 Neo-corporatism, co-operative politics and pluralism

Above I have argued that neo-corporatism, co-operative politics, and a high dependence on the world market go together (see Lijphart 1999; Siaroff 1999; van Ewijk 2000: 48-50; Pennings and Vergunst 2001; Vergunst 2004). A high dependence on the world market may well promote neo-corporatism, that is, some form of co-operation between trade unions and employers' organisations, and between these interest groups and the government, regardless of political persuasion (Cameron 1978; Czada 1983; Katzenstein 1985; Czada 1987).

The political system of most, if not all neo-corporatist liberal democracies is characterised by proportional representation. A system of proportional representation usually yields no majority party, with the notable exception of the social democratic party of Austria between 1970 and 1983 (Woldendorp et al 2000: 114). In some neo-corporatist democracies like Austria, Denmark, Norway and Sweden, the social democratic party can be characterised as the dominant party in parliament (see Budge and Keman 1990: 66, 67; Woldendorp et al 2000). However, that does not necessarily mean that social democratic parties in these countries are also always represented in government as well. For shorter or longer periods, social democratic parties in these democracies have been excluded from government. In other neo-corporatist democracies like Belgium and the Netherlands until recently, the christian democratic party (and its precursors) has been the dominant party in parliament and government. In a country like Switzerland, the four main political parties, including the social democratic party, have been continuously represented in government according to the 'magic formula' (Steiner

1986: 124-126), except for the period 1952-1959 when the social democratic party was excluded (Woldendorp et al 2000: 513).

As there usually is no majority party in neo-corporatist liberal democracies, there is a necessity to form coalition governments. This in turn leads to a practice of co-operative policy-making (Keman 1984; Paloheimo 1984; Budge and Keman 1990).

Therefore, both 'economics' and 'politics' are conducive to co-operative policy-making, aimed at maintaining competitiveness on the world market. Compensatory social policies are exchanged for wage restraint (Cameron 1978, 1984; Katzenstein 1985; Zimmermann 1986; Lehner 1987; Czada 1987; Braun 1989). Essentially, both in 'economics' and in 'politics' the various elites representing interest groups and political parties closely co-operate together over long(er) periods of time (see also Armingeon 2002; van Waarden 2002).

Neo-corporatist co-operation and co-operative politics are the opposite of pluralism. Pluralism goes together with a fragmented system of interest representation in 'economics' and a system of majoritarian or plurality representation in 'politics' based on competition (Lijphart 1999: 76/77, 162, 177). From a pluralist point of view (cf. Lijphart [1968] 1990; see also Dahl 1961), organised interest groups and their elites should be competing both in 'economics' and in 'politics', to try and influence policy formation and implementation. Often, such a pluralist setting in 'economics' goes together with a very limited number of political parties in 'politics', that contest government power in elections based on majority or plurality systems in order to form a majority government. No specific elites or their organisations are expected to be able to assert their influence over a broad spectrum of issues over extended periods of time. Success with regard to influencing policy formation and implementation is expected to vary over different interest groups, over different policy areas, and over time. Government power is expected to alternate between the two or three relevant political parties. Pluralist liberal democracies are mainly to be found in the Anglo-Saxon world, and include countries like the United States of America, the United Kingdom, Canada, Australia, and (until 1995) New Zealand (see also Lijphart 1999).

That is clearly a quite different setting of 'economics' and 'politics' than in neo-corporatist democracies. Therefore, pluralism as a theoretical point of view for empirical investigation of socio-economic policy-making in these democracies has to be rejected (see also Keman 1999).

Consensus by means of co-operation in socio-economic policy-making may take different forms. The Dutch case has been made famous by Lijphart ([1968] 1990) as an example of pillarisation between the early 1900s and the mid 1960s, a specific variety of consensus democracy, the category to which all the above liberal democracies belong (Lijphart 1999: 243-257). The politics of accommodation in the Netherlands was characterised by a number of 'rules of the game'

(Lijphart [1968] 1990: 116-130):

- politics as 'business';
- pragmatic tolerance;
- frequent high level elite meetings;
- proportionality, in representation, in mandates and the like;
- depoliticisation of issues;
- secrecy of negotiations;
- the government governs, that is, parliament rather monitors than directs government policy.

Daalder (1964) has pointed to other and comparable 'rules of the game' that go back even to the Dutch Republic of the United Provinces in the 17th and 18th century. For instance, the 'politics of accommodation', the longstanding tradition and capability of Dutch elites to incorporate newcomers. Or the scepticism and passivity of the Dutch public with regard to politics and the concomitant 'right to govern' acquired by the elites. And the divided marches of the emancipation movements of Liberals, Roman Catholics, Protestants and Socialists (Lijphart's pillars) in the 19th century and the resulting gap between parliament and government (Lijphart's 'the government governs'). As a consequence, political responsibility is diffuse and accountability low. Lastly, political decision-making is quite centralised, making for a depoliticisation of issues (Lijphart's 'politics as business' and 'depoliticisation'; see also van der Ploeg 1995; and van Waarden 2003).

In the mid 1960s a process of depillarisation becomes visible in the Netherlands. The role of (socialist) ideology and religion in politics and society declined. Church attendance went down, as did the proportion of votes for the political parties representing the pillars. Formerly pillarised organisations depillarised and merged with other (depillarised) organisations. The cohesion within the pillars diminished, formal organisational ties between the political party and other organisations in the pillar were broken up. Lastly, pillarisation also fell out of fashion with the formerly pillarised elites (Andeweg and Irwin 1993: 44, 45; 2002: 34-38; see also de Ru 1995).

Notwithstanding these major changes, much of the above 'rules of the game' have remained remarkably stable, albeit not anymore in a pillarised environment (Lijphart 1989; Andeweg and Irwin 1993: 48, 49; 2002: 41, 42, 146-148, 207-209). The country remains highly dependent on the world market. Trade unions and employers' organisations still co-operate with each other and with the coalition government of the day to keep up competitiveness on the world market. Still no political party is anywhere near a parliamentary majority, therefore coalitions have to be forged, and to that effect co-operative politics remain in force. Depillarisation in the Netherlands in the 1960s and 1970s, therefore, does not equal a development towards a more pluralist setting in either 'economics'

or 'politics'. Both 'economics' and 'politics' remain conducive to co-operative policy-making (see van Waarden 2002, 2003). In other words, sociologically Dutch patterns may well have changed, yet politically, so it seems, the actors have reorganised, but institutionally the rules of the game more or less remained the same. That also applies to other neo-corporatist democracies (Lijphart 1999: 243-257; Siaroff 1999: 184, 185, 190-193; Pennings and Vergunst 2001). So the structuration may change, yet the institutionalised practices more or less remain the same.

2.7 Concluding remarks

The first research question is about what neo-corporatism is and how it works. Can both the actions of the actors involved and the outcomes of their interactions be explained in terms of the strategies they have employed? In other words:

Can neo-corporatism, defined as a government strategy for conflict regulation, offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000?

If that is indeed the case, the next research question arises. This is the question about the effectiveness of incomes policy resulting from the strategies employed by the actors involved:

Was Dutch incomes policy between 1965 and 2000 effective in terms of the agendas of actors involved?

Neo-corporatist strategies and outcomes are expected to be more effective in terms of decision-making (Central Agreements) and outcome (core) than non-neo-corporatist strategies and outcomes from the perspective of the respective agendas of the actors involved.

Neo-corporatism conceptualised as a government strategy has to be studied on the basis of interactions between government, trade unions and employers' organisations on the macro level of national socio-economic issues and policies. In this institutional setting, incomes policy is the key policy area and policy instrument.

Based on this conceptualisation of neo-corporatism as a government strategy, I expect to find a dynamic pattern of behaviour. Both in relation to the extant rules and practices, and in relation to socio-economic developments. In particular in a country with a small open economy like the Netherlands. I therefore contend that the Netherlands can be considered as a 'crucial' case. That is, a case that is exemplary for the process that the theory of neo-corporatism as a government strategy describes. By using the Rational Institutional approach to analyse the behaviour and actions of the actors within the 'rules' of the game, it is not only possible to understand what neo-corporatism is, and why it occurs or not, but also to explain how it performs, and why it is effective or not.

In this chapter I have elaborated the concept of neo-corporatism as a government

strategy. I have shown the usefulness of the strategy concept for the investigation of incomes policy in the Netherlands. I have argued that the concept of neo-corporatism as a government strategy allows us to overcome the static and formal conceptualisations of neo-corporatism in much of the literature. I have identified incomes policy as a key policy area and policy instrument within a broader programme of co-operative macroeconomic management by party government, employers' organisations and trade unions. Lastly, I have argued how neo-corporatism and co-operative policy-making differ from pluralism, and that the pluralistic point of view to guide empirical research into incomes policy in neo-corporatist liberal democracies has to be rejected. In the next chapter, the research design will be developed and the concepts used in this chapter will be operationalised.

3. Research design, operationalisation and mode of analysis

In this chapter the research design will be elaborated and the concepts referred to in the research questions discussed and operationalised. Below I will explain how this research design is relevant for providing answers to the research questions. The comparative single case study into the formation, implementation and effectiveness of Dutch incomes policy between 1965 and 2000 will provide the answers to the research questions. This comparative single case study can be regarded as a 'crucial' case study. First I will discuss the research design in terms of case studies and the logic of comparative analysis. Next I will develop and operationalise the concepts regarding the Dutch case. I will end with an elaboration of my mode of analysis of the process of negotiations on the formation and implementation of Dutch incomes policy between the relevant actors.

3.1 The comparative method and the use of a 'crucial' case study

Case studies and comparative politics have a somewhat uneasy relationship. Especially the single comparative case study generates a specific problem: the generalizability of the findings to other cases (Lijphart 1971, 1975; see also Przeworski and Teune 1970). Nevertheless, I will argue that the chosen research design is a valid and correct means to investigate the two research questions under review.

Single case studies are usually undertaken for their explanatory value. They can provide answers to 'how' and 'why' questions (Yin 1989). Single case studies can also be used to develop, expand or generate concepts and theories (Landman 2000; Yin 1989). Conversely, by means of a crucial or critical case study, the applicability of theories or theoretical propositions to other cases can be confirmed (crucial) or disproved (critical) (Landman 2000; Pennings et al 1999; Peters 1998; Yin 1989; Lijphart 1971).

Although the single case study still is often used within comparative politics (Peters 1998), it is not without controversy. Landman (2000) considers a single

case study to be comparative if the concepts used are explicitly comparative, that is, applicable to other cases as well (see also Dogan and Pelassy 1990). Peters on the other hand is much more critical. In his view the greatest drawback of the single case study is that it is not really comparative at all. Usually it is no more than “an explanation of politics ‘someplace else’” (1998: 11; see also Keman 1993b), but in that sense it may have its use as a source of information for a ‘real’ comparison (Peters 1998; see also Lijphart 1971). For instance, if benchmarking is used for assessing comparative purposes, then a single case study can be functional as point of reference (Pennings et al 1999: chapter 1).

Basically, within comparative politics there exists a (methodological) trade-off between comparing multiple cases and researching a single case. And that is the trade-off between external and internal validity, between generalisation and complexity, between statistical explanation and ‘thick’ description (Landman 2000; Peters 1998; Ragin 1987). Both methods have their merits and drawbacks. A comparison of many cases allows for statistical control, reduces selection bias, has an extensive comparative scope that generates empirical support for general theory, and identifies deviant cases as a basis for further research. This kind of research induces parsimonious models of explanatory factors, allows for great variance in variables and can rule out rival hypotheses by including control variables. On the downside there is often need for substantial stretching of concepts to be able to fit all cases, and it is often not clear what the substantive importance of the findings exactly is (Peters 1998; see also Sartori 1970).

Single cases on the other hand allow for ‘thick’, that is, detailed descriptions that range across many political and institutional variables and involve in-depth understanding of the specifics of the broader context of the case. On the downside it is usually quite difficult to make generalisations above the case itself. It may also be difficult to convey the specificity of the case to other researchers. And the research may involve implicit comparisons that are only understandable from the (national) context in which the case is developed (Dogan and Pelassy 1990; see also Lijphart 1971; Castles 1989).

However, the ‘crucial’ case study design is a research design that can be used to show that the results of the research into a particular case that is commonly accepted to be representative for the phenomenon under investigation (as is the case for neo-corporatism in the Netherlands), are indeed exemplary for the process that the theory, based on comparative analysis, describes (Lijphart 1971; Yin 1989; Dogan and Pelassy 1990; Hague et al 1998; Landman 2000). Therefore, the research design will be a crucial case study into the formation, implementation and effectiveness of Dutch incomes policy between 1965 and 2000, based on the comparative theoretical approach of neo-corporatism as a government strategy that has been developed in chapter 2.

This crucial case study is an inter-temporal study that focuses on change over

time between 1965 and 2000. In effect, it consists of a time series of 36 consecutive cases with respect to incomes policy and effectiveness per year. This sequence of 36 cases within the case study both enhances internal validity of the research (Peters 1998) and shows possible variations over time (Pennings et al 1999). Using the same indicators for 36 cross-sectional analyses within one fixed context to some extent enhances the external validity as well.

The units of variation or dependent variables are:

- formation and implementation of incomes policy in terms of neo-corporatism as a government strategy (research question 1),
- effectiveness of incomes policy in terms of the agendas of the actors involved (research question 2).

The units of observation are the annual negotiations between trade unions and employers' organisations on wages and other terms of employment, and between these 'social partners' and the government on incomes policy. The units of measurement are the values scored on the indicators for neo-corporatism (cf. Pennings et al 1999). A central aspect of comparative politics is the need to control the context to make sure that the observed variation is indeed caused by the factor(s) specified by the theory, and not by other (unknown) factors (Pennings et al 1999). This matter of concern is also known as the need for 'controlling for extraneous variance' (Peters 1998) or the problem of 'spuriousness' of research outcomes (Landman 2000). Although perfect control in comparative politics cannot be achieved, the research design should at least aim at reducing the likelihood of the occurrence of this phenomenon as thoroughly as possible.

In this crucial case study of the Netherlands I aim to achieve that goal by investigating incomes policy in a specific period, 1965-2000. The focus of my research will be the formation and implementation of incomes policy in the market sector. Until wages (and also benefits and pensions) in the (semi-) public sector became directly linked to those in the market sector in the 1970s, through legal mechanisms like the statutory minimum wage and the practice to increase them with the average increase obtained in the market sector, wages and benefits in the (semi-) public sector were directed by government. They became government directed again during the long-term efforts of Dutch governments in the 1980s and 1990s to reduce the deficit by reducing government expenditure. In the 1990s, they have been linked on and off to developments in the market sector, but only on an ad-hoc basis (see also Albeda et al 1998: 85).

This choice of both period and the arena to be investigated is based on my theoretical approach of neo-corporatism as a government strategy. By defining both period and arena, I avoid an inter-temporal comparison between incomes policy formulated and implemented under a system of statutory guided incomes policy that was embedded in a pillarised political system between 1945 and 1965, with incomes policy formulated and implemented under a different system

of legally ‘free’ wage bargaining (that is, free from government intervention) that is embedded in a depillarised political system between 1965 and 2000 (Lijphart [1968] 1990; Windmuller et al 1983). By focusing on the more recent period we may assume that it is indeed the combination of the actions of social partners and the government that result in a neo-corporatist incomes policy, or not (research question 1). Likewise we may deduce whether a neo-corporatist incomes policy is indeed more effective than a non-neo-corporatist incomes policy (research question 2). A positive side effect of controlling the context is that it also increases internal validity (Pennings et al 1999).

These considerations lead to a research design in which the crucial case study is embedded in a general approach and comparable concepts. Following Peters (1998: 26), the research design should specify

- what has to be explained (dependent variable)?
- what is the cause (independent variable)?
- what evidence is needed to establish a relation between cause and effect?

Based on the research questions I will employ the following two research designs in my crucial case study (see also Pennings et al 1999).

The first research design refers to research question 1:

Can neo-corporatism, defined as a government strategy for conflict regulation, offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000?

In this research design the dependent variable is (the formation and implementation of) Dutch incomes policy between 1965 and 2000. First it must be determined to what extent actual incomes policy is neo-corporatist. Then it has to be explained why incomes policy is neo-corporatist or not.

The independent variables that are expected to explain why incomes policy is neo-corporatist or not, are the strategies of government, employers’ organisations and trade unions, and their interactions given the formal and informal ‘rules of the game’.

The evidence needed to establish a relation between cause and effect, that is, between strategies of actors and resulting incomes policy, is to determine firstly, to what extent actors did pursue a neo-corporatist strategy, and secondly, to what extent the combined effect of those strategies did result in a neo-corporatist incomes policy (see chapter 4 and chapter 5).

The second research design refers to research question 2:

Was Dutch incomes policy between 1965 and 2000 effective in terms of the agendas of actors involved?

In this research design the dependent variable is the effectiveness of Dutch incomes policy between 1965 and 2000. The effectiveness of incomes policy is defined in terms of the agendas of the actors involved: government, employers’ organisations and trade unions.

The independent variable that is expected to explain the effectiveness of incomes policy is the type of incomes policy. A neo-corporatist incomes policy is expected to be more effective than a non-neo-corporatist incomes policy (co-operation instead of conflict).

The evidence needed to establish a relation between cause and effect, that is, between incomes policy and effectiveness, is to determine whether a neo-corporatist incomes policy does indeed imply that the common outcome that actors achieved can be explained in terms of an optimal outcome based on what they wanted (agenda) (see chapter 6).

In both research designs the focus of the research will be on the national level of consultations and negotiations on wages and other terms of employment, and related incomes policy between 1965 and 2000. The actors involved are the peak organisations of trade unions and employers' organisations, and the (coalition) government of the day.

This formal description of the research design represents the general lay-out of the study. In section 3.2 below, the actual operationalisation of the central variables will be elaborated.

3.2 Elaborating the research design for the Dutch case: institutions, actors and the process of negotiations

In this section I will first introduce the institutions and the actors involved in the formation and implementation of Dutch incomes policy between 1965 and 2000. Next I will elaborate the process of negotiations on incomes policy. For a better understanding it is useful to give a brief overview of the post war institutional framework that shaped both the process and the central actors for my period of investigation.

3.2.1 The institutions involved in incomes policy

The relevant formal institutions in the area of socio-economic policy-making are the *Stichting van de Arbeid* (Foundation of Labour - STAR), the *Sociaal-Economische Raad* (Social-Economic Council - SER) and other Publiekrechtelijke Bedrijfsorganisaties (PBO-bodies), the *Centraal Planbureau* (Central Planning Bureau - CPB), and the *College van Rijksbemiddelaars* (Board of Government Mediators - CvR) (Windmuller and De Galan 1977; Teulings 1980; Fase 1980; Dercksen et al 1982; Windmuller et al 1983).

The *Foundation of Labour* was created after top-level negotiations between unions and employers' organisations during World War II. The unions relinquished their claims to affect the management of individual companies "in exchange for ample representation in official bodies to advise the government" (Windmuller and De Galan 1977, Vol. 1: 94 - translation jjw). The STAR - a private corporation - consists of representatives of employers' organisations, trade

unions, small businesses in the retail sector and farmers. Based on the BBA 1945 (Extra-ordinary Order on Labour Relations 1945), the STAR was given the legal status of advisory body to the Minister of Social Affairs in the area of social policy. The STAR covered a wide area. Most of its activities were taken over by the SER in 1950. The STAR retained an advisory capacity for “technical problems... regarding the implementation of wage regulations” (Windmuller and De Galan 1977, Vol. 2: 23 - translation jjw). The STAR is also the organisation in which the annual central negotiations on wages and other terms of employment between trade unions and employers’ organisations are held.

The *Board of Government Mediators* was a government agency of four ‘independent’ experts, appointed by the Minister of Social Affairs to supervise incomes policy. The Board had some measure of independence. Based on the BBA 1945, the Board was to consult the STAR before issuing recommendations or making decisions with regard to incomes policy. This body was abolished in 1970 after passing the *Wet op de Loonvorming* (Law on Wage Formation - 1968/70).

The *Central Planning Bureau* is also a government agency, but, similar to the Central Bank, to a large extent independent from the government of the day. Originally Hein Vos, social democratic Minister of Trade and Industry, designed the CPB in the first post-war cabinet, Schermerhorn/Drees. It was meant to function as a guiding planning agency for the government’s social and economic policies. Vos’ successors in the cabinets Beel (1946-1948) and Drees/Van Schaik (1948-1951/52), the Roman Catholic Ministers Huysmans and Van den Brink, quickly changed its function to a bureau providing the government with economic forecasts. These forecasts, the Macro-Economische Verkenningen (MEV) are crucial inputs (and constraints) for the annual discussions and negotiations about incomes policy (Fernhout 1980: 146-148; Fortuyn 1981: 173-178, 317-325; de Liagre Böhl et al 1981: 62 ff.).

The *Social Economic Council* was instituted by law in 1950. Of its members, at least two-thirds are nominated by ‘recognised’ organisations of workers and employers. The government appoints the remainder. These so-called ‘crown members’ are called ‘independent experts’, but reflect to a certain extent the major political parties. By virtue of their offices, the directors of the CPB and the Dutch Central Bank are also ‘crown members’.

The statutory powers of the Council are limited. Its most important task is to advise the government. Until 1995 the government was legally obliged to ask for a recommendation about all important socio-economic policy measures it might contemplate. In 1995, a majority in parliament abolished this obligation. Nevertheless, the then new ‘purple’ government coalition of social democrats, social and conservative liberals¹⁹ promised to continue the practice of asking the

19. Social democrats: PvdA (Partij van de Arbeid - Labour Party). Social liberals: D66 (Democraten 66 -

Council's recommendation on all major proposals for socio-economic policies. The Council's recommendation is not binding. Especially in the 1960s and 1970s, during the transition from statutory incomes policy to a free incomes policy, consultations in the SER played a part in the annual round of negotiations on wages and other terms of employment (Fernhout 1980: 151-153, 155; Windmuller and De Galan 1977: 2, 26-27; Dercksen et al 1982: 122-126; de Liagre Böhl et al 1981: 106-109; Fortuyn 1981: 325-329, 373-424; van Ruysseveldt and Visser 1996: 211-214; see also van Waarden 2003).

The legal institutional setting that regulates collective contracts, the outcome of the annual process of negotiations on wages and other terms of employment, consists of two laws dating from 1927 and 1937 respectively (van Ruysseveldt and Visser 1996: 235-242; Albeda et al 1998: 120-122; Teulings and Hartog 1998: 267, 288; Visser 1999: 301-302).²⁰ The combined effect of these two laws is that the great majority of the workforce in the market sector is covered by collective contracts between trade unions and employers' organisations. Actual figures vary from between 70 and 80% (Teulings and Hartog 1998: 267) to 86% (van den Toren 1996: 60).

Contractual negotiations are conducted within the framework of the Law on Wage Formation of 1970/1986. The passing of this law marks the transition from a government guided incomes policy to free negotiations between trade unions and employers' organisations. However, government reserved the authority to intervene in these negotiations. Based on clause 8, government could still intervene directly in individual collective contracts, as opposed to not declaring them binding. And clause 10 gave government the authority to impose binding general measures. Due to stiff opposition by the trade unions, clause 8 was in effect 'frozen', that is, successive governments promised not to make use of this clause. Clause 10 was amended in 1986. From then on, only a "national emergency,

Democrats 66). Conservative liberals: VVD (Volkspartij voor Vrijheid en Democratie - Peoples Party for Freedom and Democracy). 'Purple' refers to the mix of the colour red (PvdA) with the colour blue (VVD).

20. The 1927 Wet op de Collectieve Arbeidsovereenkomst (CAO - Law on the Collective Contract) makes an agreement between an employer and one or more unions binding for all workers in that firm, whether they are union members or not. The 1937 Wet op het (on)verbindend verklaren van Collectieve Arbeidsovereenkomsten (Law on the mandatory (un)extension of Collective Contracts) extends the working of an agreement between trade unions and employers' organisations to a whole branch or industry if a substantial majority of workers in that branch or industry are employed by employers that are directly bound to the agreement. The extension has to be requested by at least one of the parties involved in the agreement, and, as a 'rule of thumb', the agreement should affect at least 55% of the workforce in that branch or industry. Extension is habitually granted, but in theory can be denied. Sometimes the government uses this threat to try and dissuade the contracting parties from concluding unwanted agreements.

caused by 'external' factors' "could serve as a legitimate cause for government intervention with general binding measures in the formation and implementation of incomes policy (van Drimmelen and van Hulst 1987: 34-35; Korver 1993: 394; Albeda et al 1998: 79/80, 264). In other words, until 1986 the government could formally intervene in the process of negotiations on incomes policy between social partners with binding measures on both the central and the decentral level. But informally the government agreed to limit such interventions to the central level. As of 1987, the government can formally intervene only in exceptional circumstances and only on the central level. Nevertheless government remained involved in the annual process of negotiations on incomes policy to a considerable extent by means of ample instruments to influence bargaining and outcomes of incomes policy through taxes, social security premiums, the legal minimum wage, benefit eligibility criteria, and benefit levels (see also van Sinderen 2000: 27).

In effect, the government does not only determine to a substantial extent the substance of the annual negotiations by its budget proposals, it is also able and willing to intervene in the annual process of negotiations between trade unions and employers' organisations to try and get them to conclude agreements, and in the end government sanctions the outcome of these negotiations. The government is both the leading actor in the game and guarantor of the outcome of the game. To quote Teulings and Hartog (1998: 297): "corporatism requires *political management*" (their emphasis). Keman (1999: 265) makes an even stronger statement: "in the case of corporatism, the room to manoeuvre (of trade unions and employers' organisations - jjw) is by and large defined by party-government" (see also Hogenboom and van Vliet 2000: 30, 31; and Molina and Rhodes 2002: 316-318).

This implies that the mutual instrumentalisation of trade unions, employers' organisations and the government is apparent. Notwithstanding the government's 'leading' role, all three actors are mutually dependent on each other's willingness to co-operate to achieve their own goals.

3.2.2 *The actors involved in incomes policy*

The actors involved in the cycle of annual central negotiations on wages and other terms of employment are party government and 'peak' organisations of trade unions and employers' organisations (Lipschits 1977: 72-76; Windmuller et al 1983: 298-354; Andeweg and Irwin 1993: 50-107; Daalder 1995: 222-223; Keman 1996a; van Empel 1997; Albeda et al 1998: 39-43, 47-50, 54-59; Teulings and Hartog 1998: 265-298; SCP 1998: 161-162; Woldendorp et al 2000: 395; Crooijmans and Windt 2001; Andeweg and Irwin 2002: 43-68, 140-142; Keman 2002; den Butter and Mosch 2003; van Waarden 2003; and Mosch 2004).

3.2.2.1 *Parties and party government*

The government is the coalition government of the day. In the annual negotiations with and between trade unions and employers' organisations ministers represent the government. At the very least, the Minister of Social Affairs is involved. Depending on the issues at stake, the general economic situation and the atmosphere between the actors involved, the government can be represented by a delegation of ministers, including the Prime Minister. In such a delegation, apart from the Minister of Social Affairs, also the other ministers of the so-called 'socio-economic triangle' may be included: the Ministers of Economic Affairs and Finance. Furthermore, the Minister of Internal Affairs (responsible for incomes policy in the public sector), and the Prime Minister may be included as well, depending on the issues at stake. Sometimes junior ministers, primarily of Social or Economic Affairs are also included in the delegation.²¹

Between 1965 and 2000, with the exception of the short-lived government Van Agt II (1981/1982), in coalitions dominated by christian democrats, the Minister of Social Affairs was a christian democrat. In the 'purple' coalitions governing since 1994, the Minister of Social Affairs was a social democrat (see Table 3.1). Between 1965 and 2000 the relevant political parties in government include:

- the *Katholieke Volkspartij* (KVP - 1975/1980), originally the political representative of the Roman Catholic pillar;
- the *Anti-Revolutionaire Partij* (ARP - 1975/1980), originally one of the two main political representatives of the Protestant pillar, catering especially for the break-away churches of the Dutch Reformed Church, the *Gereformeerden*;
- the *Christelijk-Historische Unie* (CHU - 1975/1980), the other main representative of the Protestant pillar, catering especially for the conservative parts of the Dutch Reformed Church, the *Hervormden*;
- the *Christen Democratisch Appèl* (CDA - 1975/1980 -), the merger of KVP, ARP and CHU. From 1975 they contested elections with one party list, from 1980, the until then separate party organisations were merged as well (ten Napel 1992);
- the *Partij van de Arbeid* (PvdA), originally the political representative of the social democratic movement;
- the *Volkspartij voor Vrijheid en Democratie* (VVD), originally the conservative political representative of the Liberal segment of the population;
- *Democraten 66* (D66), a social liberal political party founded in 1966 with

21. Civil servants play a supportive role in this process. They support the delegation of ministers with their expertise on political and technical ramifications of the proposals discussed. Or their expertise is used in thrashing out the more technical details of the agreements reached, in tri-partite working parties with officials of the trade unions and the employers' organisations (see also van Ruysseveldt and Visser 1996: 208-218).

Table 3.1: Governments and ministers in the ‘socio-economic triangle’ 1965 – 2000

Period	Prime Minister (party affiliation)	Party composition	Seats in parliament	Percentage of seats in parliament	Type of government coalition	Minister of Social Affairs	Minister of Economic Affairs	Minister of Finance
1965-1966	Cals (KVP)	KVP, ARP, PvdA	106	70.7	Surplus	Veldkamp (KVP)	Den Uyl (PvdA)	Vondeling (PvdA)
1966-1967	Zijlstra (ARP)	KVP, ARP	63	42	Caretaker	Veldkamp (KVP)	Bakker (ARP)	Zijlstra (ARP)
1967-1971	De Jong (KVP)	KVP, ARP, CHU, VVD	86	57.3	Minimal winning	Roolvink (ARP)	De Block (VVD)	Witteveen (VVD)
1971-1972	Biesheuvel I (ARP)	KVP, ARP, CHU, VVD, DS70	82	54.7	Minimal winning	Boersma (ARP)	Langman (VVD)	Nelissen (KVP)
1972-1973	Biesheuvel II (ARP)	KVP, ARP, CHU, VVD	74	49.3	Caretaker	Boersma (ARP)	Langman (VVD)	Nelissen (KVP)
1973-1977	Den Uyl (PvdA)	PvdA, (KVP, ARP), D66, PPR	95	63.3	Surplus	Boersma (ARP)	Lubbers (KVP)	Duisenberg (PvdA)
1977-1981	Van Agt I (CDA)	CDA, VVD	77	51.3	Minimal winning	Albeda (CDA)	Van Aardenne (VVD)	F.H.H.J. Andriessen (CDA)
1981-1982	Van Agt II (CDA)	CDA, PvdA, D66	109	72.7	Surplus	Den Uyl (PvdA)	Terlouw (D66)	Van der Stee (CDA)
1982	Van Agt III (CDA)	CDA, D66	65	43.3	Caretaker	De Graaf (CDA)	Terlouw (D66)	Van der Stee (CDA)
1982-1986	Lubbers I (CDA)	CDA, VVD	81	54	Minimal winning	De Koning (CDA)	Van Aardenne (VVD)	Ruding (VVD)
1986-1989	Lubbers II (CDA)	CDA, VVD	81	54	Minimal winning	De Koning (CDA)	De Korte (VVD)	Ruding (VVD)
1989-1994	Lubbers III (CDA)	CDA, PvdA	103	68.7	Minimal winning	B. de Vries (CDA)	J.E. Andriessen (CDA)	Kok (PvdA)
1994-1998	Kok I (PvdA)	PvdA, VVD, D66	92	61.3	Minimal winning	Melkert (PvdA)	Wijers (D66)	Zalm (VVD)
1998-2000	Kok II (PvdA)	PvdA, VVD, D66	97	64.7	Surplus	K. de Vries (PvdA)	Jorritsma-Lebbink (VVD)	Zalm (VVD)
	3 PvdA	PvdA 6 of 14 (42.9%)			Minimal Winning 7 of 14 (50%)	3 PvdA	1 PvdA	3 PvdA
Average			86.5	57.7				

Sources: Daalder (1995: 222-223); SCP (1998: 162); Woldendorp et al (2000: 395, 399-401); Andeweg and Irwin (2002: 98, 107, 110); www.parliament.com (May 2004).

Note: Although the distribution of portfolios in Dutch coalition governments overall is largely proportional to the respective coalition party's seats in parliament, that does not necessarily apply to the distribution of portfolios in the ‘socio-economic triangle’ (see also chapter 7).

the express purpose of breaking confessional, respectively christian democratic dominance in Dutch politics.

As a consequence of secularisation and depillarisation, the combined election results for the confessional political parties went down substantially in the 1960s and early 1970s. These losses were an important incentive to form the CDA. The formation of the CDA at first only slowed down the decline of christian democracy. But in 1986 and 1989, the CDA managed to enlarge its share of the vote. However, the elections in the 1990s again showed a substantial downturn. Despite its diminishing share of the vote, the CDA (and its predecessors) remained the largest party in parliament between 1965 and 1994. Only between 1977 and 1981, and between 1982 and 1986, they lost that position to the PvdA. In 1994 the CDA again became the second largest party. In 1998 the CDA lost again, and then ranked as the third largest party, after the VVD.

The PvdA also has had its share of ups and downs in the elections in this period. Between 1965 and 1994, with the exception of 1977 to 1981 and 1982 to 1986, the PvdA was the second largest party in parliament. Between 1977 and 1981, 1982 and 1986, and from 1994 to 2000, despite a substantial loss from which the party had not yet recovered in 1998, the PvdA was the largest party in parliament.

Although the election results of the VVD vary, from 1965 to 1998 it was the third largest party in parliament. In 1998, it became the second largest party.

Despite its quite volatile election results, from 1977 D66 has always remained the fourth largest party in parliament.

No single party can deliver a majority in parliament. If we take the CDA and its three predecessors as one party, in the period under investigation *at least* two parties are needed to form a majority coalition. With the exception of 1973-1977, the CDA was the dominant party in government between 1965 and 1994. Although the PvdA became the largest party in parliament in 1977, and again in 1982, in both cases the CDA and VVD succeeded in forging a majority coalition as second and third largest parties.

The 1994 elections changed the political landscape in the Netherlands considerably. PvdA and CDA both suffered severe losses, but the PvdA became the largest party in parliament. The VVD and D66 both made considerable gains, but remained third and fourth largest parties. As the largest party in parliament it fell upon the PvdA to form a new coalition. Neither with the CDA, nor with either the VVD or D66 a majority could be achieved. So it had to be a three party coalition. As the CDA was in severe disarray, the only viable combination left was what became the 'purple' coalition of PvdA, D66 and VVD.

The 1998 election resulted in gains for the PvdA and the VVD, who became first and second largest party in parliament, together commanding a majority in parliament. However, the 'purple' coalition with the three parties was continued as Based on the electoral results and subsequent government formation between

Table 3.2: Seats in parliament of the relevant government parties 1965 – 2000

Elections and seats											
Party	1963	1967	1971	1972	1977	1981	1982	1986	1989	1994	1998
KVP	50	42	35	27							
ARP	13	15	13	14							
CHU	13	12	10	7							
CDA	(76)	(69)	(58)	(48)	49	48	45	54	54	34	29
PvdA	43	37	39	43	53	44	47	52	49	37	45
VVD	16	17	16	22	28	26	36	27	22	31	38
D66	--	7	11	6	8	17	6	9	12	24	14
Total seats in parliament	150	150	150	150	150	150	150	150	150	150	150

Sources: Daalder (1995: 222-223); SCP (1998: 162); Voldendorp et al (2000: 395); Andeweg and Irwin (2002: 98, 107, 110); www.parliament.com (May 2004). CDA is Christen Democratisch Appel, the successor of KVP, ARP, and CHU.

1965 and 2000, a transition can be observed from christian democratic dominance in government between 1965 and 1994 (with a brief exception in the mid-1970s) to social democratic dominance in government from 1994 to 2000 (see also Visser 1999: 287).

3.2.2.2 *Trade unions*

The main trade union organisations involved between 1965 and 2000 include the following:

- the *Nederlands Verbond van Vakverenigingen* (NVV), a peak organisation of mainly branch trade unions that originated in the social democratic movement;
- the *Nederlands Katholiek Vakverbond* (NKV), a peak organisation of mainly branch trade unions that originated in the Roman Catholic pillar;
- the *Federatie Nederlandse Vakbeweging* (FNV), a merger between NVV and NKV as of January 1st, 1976²²;
- the *Christelijk Nationaal Vakverbond* (CNV), a peak organisation of mainly branch trade unions that originated in the Protestant pillar;
- the *Vakcentrale voor Middelbaar en Hoger Personeel* (MHP), a peak organisation of white collar and professional organisations, since 1968 member of the STAR, and as of 1976 also represented in the SER. It has no origin in one of the Dutch pillars.

With regard to organisational strength of the trade union federations, union density has never been high in the Netherlands. And between 1965 and 2000 it decreased dramatically from a peak of about 43% in 1975 (Windmuller et al 1983: 299) to about 24% at the end of the 1990s (Teulings and Hartog 1998: 268). In January 2001 it has gone up slightly to 27% (den Butter and Mosch 2003: 387; see also Mosch 2004: 103). This lack of organisational strength is partly due to the institutional setting of the negotiations between trade unions, employers' organisations and the government. The laws of 1927 and 1937 governing collective contracts make negotiated contracts binding for all employees within a firm or industry, whether they are union members or not. Therefore, employees do not have to be a member of a union to benefit from their efforts. The trade unions' institutional strength at the same time produces a collective action problem of 'free riders' that may in turn have a negative bearing on their institutional strength (see also van Ruysseveldt and Visser 1996: 222-234; Visser 1999: 294-299; and Hemerijck et al 2000).

22. The CNV decided not to join the prospective federation of all three peak organisations. Some dissatisfied trade unions affiliated with the NKV later joined the CNV. The CNV changed its character from a Protestant trade union federation to an organisation with a more general christian identity.

Table 3.3: Trade union density 1965 – 2000

Trade union density: proportion of all trade union members to labour force							
1965	1970	1975	1980	1985	1990	1995	2000
39	38	43	39	27	24	29	27

Sources: Windmuller and de Galan (1977: 151); Windmuller et al (1983: 299); van Ruyseveldt and Visser (1996: 231); Akkermans (1999: 284); Visser (1999: 295); den Butter and Mosch (2003: 387).

Of the trade union federations, the FNV (NVV+NKV) is the leading actor. The FNV represents a cross-section of the workforce, but its main strongholds are the blue-collar workers in the (declining) manufacturing industry and (growing) services sector, and employees in the public sector (civil servants, teachers, health workers, public transport employees). Unionisation is particularly low in the ICT sector, in wholesale and retail, in the entertainment and catering industry, and in financial services. All in all, two out of three of the members of the FNV work in the market sector. The CNV also represents a cross-section of the workforce, but has a more prominent following in the (semi-) public sector. Two out of three members of the CNV are employed in that sector (Korver 1993: 398). In general, the two (or three) organisations try to co-operate, or at least to co-ordinate their policies, to find a common position vis-à-vis the employers' organisations. The main difference between the two organisations is that the CNV is quite reluctant to revert to open confrontation with employers. Its main ways and means to achieve its goals are (by) negotiations.

The MHP has been formed more recently, and has its constituency under organisations of middle and higher-ranking white-collar workers and professionals in the market sector. Co-operation or co-ordination with the FNV and the CNV is limited. The MHP is, however, quite close to the CNV in its emphasis on negotiations as opposed to open confrontation, to achieve its goals.

The general proportions of strength in terms of size between FNV, CNV, and MHP are roughly 5.8 to 1.7 to 1 (den Butter and Mosch 2003: 369; see also Mosch 2004: 103). As the FNV, and its predecessors, the NVV and the NKV, generally is 'leader' or 'trend-setter' in the process of negotiations from the union side, it will be the main focus of the research. Special attention will be given to the CNV and MHP if and when they significantly differ in their demands and actions from the NVV+NKV=FNV.

3.2.2.3 Employers' organisations

The main employers' organisations between 1965 and 2000 include:

- the *Verbond van Nederlandse Ondernemingen* (VNO - 1968), a peak organisation of both individual companies and branch or industry organisations of companies. The VNO was a merger between the *Centraal Sociaal Werkgevers Verbond* (CSWV) and the *Verbond van Nederlandse Werkgevers* (VNW). The

CSWV focused on industrial relations and social policy and the VNW on economic policy. Both organisations originated from the Dutch liberal movement²³;

- the *Nederlands Christelijk Werkgevers Verbond* (NCW - 1970), a merger between the Roman Catholic and Protestant peak organisations of companies and branch organisations. The NCW is dominated by the Roman Catholic employers' organisation. Both organisations originated from their respective pillars²⁴;
- VNO and NCW merged into *VNO NCW* on December 31st, 1996.

The VNO and NCW will be the main focus of research. In contrast to declining trade unions density, employers in the Netherlands have always been highly organised. VNO NCW organises some 90% of the larger firms in the market sector. These firms employ some 90% of the labour force in the market sector. VNO and NCW have always acted more than less as a unified actor due to their overlapping membership (see note 6 to this chapter; see also van Ruysseveldt and Visser 1996: 218-222; Visser 1999: 299-300; and Hemerijck et al 2000).

3.2.2.4 Conclusion regarding the crucial actors within the 'game'

Various types of actors with varying positions are involved in the annual negotiations on incomes policy. The composition of the coalition government depends on the position of political parties in parliament. To command a majority in parliament, the largest party in parliament usually, but not always, forms a government with either the second or the third largest party. The employers are highly organised. Their organisation(s) represent the overwhelming majority of companies in the market sector, and have managed to form a unified organisation at the end of the period under investigation. Trade union density is quite low and trade unions are separated in three organisations (although the largest organisation, the FNV, is the 'trend-setter'). Despite this 'weakness', compared to the employers (and government), trade unions have had a quite 'secure' position within the annual process of negotiations, due to the institutional setting of these negotiations. First, there are the laws from 1927 and 1937 governing collective contracts, which secure their position as negotiators for collective contracts on the level of branches, industries and companies. Secondly, the legal status of the STAR as an advisory body to the Minister of Social Affairs secures their negotiating position on the national level. As does, thirdly, the 'recognition' by the government that secures them their seats in the SER. Hence, all actors are 'peak' organisations that are institutionalised as the 'crucial' players of the Dutch 'game'

23. Liberal in the Dutch sense, that is in favour of both political and economic freedom for individuals.

24. Quite a few members of both the Protestant and Roman Catholic employers' organisations were also members of the VNO.

of formation and implementation of incomes policy and thus confirm to what is generally seen as a necessary pre-condition for neo-corporatism.

3.2.3 *The process of negotiations on incomes policy*

Limitations to the room to manoeuvre for trade unions and employers' organisations are set firstly by general economic conditions as indicated by the CPB, and secondly by the government's agenda (budget). The government's room to manoeuvre is conditioned firstly by the effects that the outcome of negotiations between trade unions and employers' organisations may have on its agenda (budget), and secondly by general economic conditions as indicated by the CPB and how these are perceived by the governing majority.

The annual presentation of the government's budget is the starting point for the cycle of central (national) negotiations on wages and other terms of employment. These negotiations involve the government, and the peak organisations of trade unions and employers' organisations. Chronologically, four stages in this process can be distinguished (van Drimmelen and van Hulst 1987: 34-35):

- each year, at the end of *September*, the government presents the budget for the coming year, based on the Macro-Economische Verkenningen of that year (MEV = Macroeconomic Forecasts) issued by the CPB. Both the prognoses of economic developments by the CPB and the government's proposed policies based on those forecasts are important inputs and constraints for the negotiations;
- in *October* or *November* the trade unions publish their programmes for the coming year, based on extensive internal discussions. The programmes usually consist of a number of very specific, concrete demands, combined with a number of rather more flexible demands. These programmes can be considered as a general 'framework' for negotiations, both on the central and on the decentral level.

Either in response, or simultaneously, employers' organisations also publish their programmes for the coming year in those months;

- when the programmes of trade unions and employers' organisations have been issued in *October* or *November*, the negotiations start in the STAR. Especially in the first half of the period under investigation here, there may be simultaneous consultations going on in the SER that have a bearing on these negotiations. Usually, in some way or other, the government gets involved as well. These central negotiations may or may not result in some sort of Central Agreement;
- regardless of the outcome of the central negotiations - a Central Agreement, no Central Agreement or government intervention - between *December* and *June* decentral negotiations on collective contracts on the branch and company level take place. In the absence of a Central Agreement or government inter-

vention, they are based on the programmes issued in October or November.

Whatever the starting point, these negotiations eventually result in collective contracts, covering any period between one and two-and-a-half years.

Hence the cycle observed in this study concerns some nine months of consultation and negotiation. Both process and outcome are studied forward. So, if a specific year is mentioned, say 1976, the information supplied covers the period between, broadly, *September 1975* and *June 1976*.

However, from 1984, the system has been somewhat refined. From that date on, apart from the cycle of negotiations identified above, government and trade unions and employers' organisations also meet for consultation each Spring (Voorjaarsoverleg - Spring Consultation) and each Autumn (Najaarsoverleg - Autumn Consultation). The Spring Consultation may take place any time between the end of *January* and the end of *July* of any given year; the Autumn Consultation after announcing the budget for the next year. The main purpose of the Spring Consultation is to give the government the opportunity to sound out the reactions of trade unions and employers' organisations to possible government policies that may be proposed in next year's budget in September. The main purpose of the Autumn Consultation is to try and persuade trade unions and employers' organisations to come to terms, based on the budget announced for next year. The substance of these consultations may vary from a very brief exchange of points of view to protracted negotiations, which may or may not result in a Central Agreement.

The substantive description of this annual cycle of negotiations between 1965 and 2000 provides the necessary empirical information needed to answer the research questions. Research question 1 refers to the explanation of the formation and implementation of Dutch incomes policy in terms of neo-corporatist government strategies. To establish whether or not actual incomes policy is the result of neo-corporatist government strategies, or not, the annual strategies of the government have to be categorised, as well as those of trade unions and employers' organisations. These strategies can be derived from their behaviour and actions during the annual cycle of negotiations. The possible strategies of the actors are elaborated and categorised in section 3.3.

Research question 2 refers to the effectiveness of Dutch incomes policy between 1965 and 2000. Effectiveness is derived from the agendas of the actors involved. The agendas of trade unions and employers' organisations are their respective programmes for incomes policy with which they enter the annual cycle of negotiations. The agenda of the government is the annual budget and related policy proposals that have a bearing on incomes policy and that mark the start of this annual cycle. The substance of the eventual outcome of the negotiations in terms of (de)central agreements or government intervention is the empirical information needed to establish the effectiveness of the actual annual incomes policy arrived at.

3.3 *Mode of analysis of the process of negotiations on incomes policy*

In this section I shall elaborate in detail how the negotiations between the relevant actors can be meaningfully categorised. These categorisations are intended to relate the process outcomes with the ideas developed in the Rational Institutional approach, as well as with the policy ideas that were developed by Gijs Kuypers (1970, 1980a, 1980b). In this way the relationship between institutions and actors and between process and outcome can be investigated and analysed.

3.3.1 *Strategy of the government*

The strategy of the government in incomes policy involves two stages: the process of negotiations between trade unions and employers' organisations, and the implementation of the (non)agreements eventually reached. In both stages government may intervene, or not, depending on the goals the government has set itself in its annual budget (agenda). Logically and empirically, four types of government strategy can be observed (cf. van Brakel et al 1985):

- | | |
|----------------------------|--|
| I = Passive strategy | The government remains passive and abstains from any intervention in the negotiations between trade unions and employers' organisations (<i>formation</i>).
The government does not intervene in the outcome of the negotiations (<i>implementation</i>). |
| II = Co-operative strategy | The government restricts its interventions to the facilitation of negotiations between trade unions and employers' organisations (<i>formation</i>).
Government either does not intervene in the outcome of the negotiations, or the intervention does not go against the trend of the outcome of those negotiations (<i>implementation</i>). |
| III = Congruent strategy | The government actively intervenes with its own policy proposals in the negotiations between trade unions and employers' organisations. The government's interventions are aimed at facilitating agreement between all three actors involved by formulating a policy package that can potentially accommodate all (<i>formation</i>).
The government may intervene in the outcome of the negotiations with its own policy proposals with respect to wages, taxes and social security premiums and benefits, but without going against the outcome |

of the negotiations between government, trade unions and employers' organisations (*implementation*).

IV = Guiding strategy

The government puts its own agenda first. Trade unions and employers' organisations are compelled to accept the government's agenda as the basis for incomes policy. The government basically implements its own policy with respect to wages, taxes and social security premiums and benefits without much regard for agendas of the 'social partners' or the outcomes of the negotiations (*formation and implementation*).

I regard type II and III as representative for typically neo-corporatist strategies. In both types, the government intends to get the process of negotiations between trade unions and employers' organisations started. The difference between type II and III is that in type II the government tries to facilitate negotiations but leaves formation and implementation of incomes policy largely to trade unions and employers' organisations. In type III the government actively intervenes in the formation of incomes policy with its own (joint) policy proposals, and may actively intervene in the outcome of the negotiations as well (implementation). From this it follows that I consider types I and IV to be non-neo-corporatist strategies. In Type I, government refrains from any intervention at all. In type IV, government seeks to implement its own agenda as the basis for incomes policy, without much regard for either trade unions' or employers' organisations' agendas. As already stated in chapter 2, in all types of government strategy, the actions of government ultimately have to be sanctioned by a majority in parliament. Usually that is the governing majority. In the Netherlands, government policy and the approval of the governing majority are based on the government's policy agreement (the *Regeerackoord*).

3.3.2 *Strategy of trade unions and employers' organisations: styles of decision-making*

The essence of a strategy of an actor is that it combines *goals* with the *way* in which these goals may be reached (in other words, there is a means-end relationship). This combination of goals and ways can be defined as a *plan* or a *policy*. These terms are derived from Kuypers (1973, 1980a, 1980b)²⁵ and Scharpf (1987, 1998). Kuypers will be utilised to explain plans and goals, and Scharpf to elaborate on the possible ways to achieve those goals.

25. I will refrain from a discussion of the pros and cons of Kuypers' causal-finalistic method. See de Bruin (1991) for an extensive overview and a further development of Kuypers' ideas.

For Kuypers (1973: 17-19, 28-41, 208-226; 1980a: 9, 19, 20, 44-52, 87), a policy or a plan involves a *goal*, that is a situation which a given actor wants to achieve on a given point of time in the future. A policy or plan also includes the *means*, that is the activities of that actor, to achieve that goal. Therefore, a policy or plan of any actor always involves:

- one or more goals (or ends);
- the way and means with which to achieve these goals, and;
- the points in time on which either the goals should be achieved, or the ways and means should be deployed to try and achieve the goals that were set.

Kuypers' 'finalistic method' of research (1973: 245-264; 1980a: 54, 57-87) is to establish the goals that each actor sets and then from those goals to derive the ways and means each actor can realistically deploy to arrive at that goal.

Applied to Dutch incomes policy, we must establish for each year we have under consideration, the goals of each of the parties involved. Trade unions and employers' organisations usually publish annual policy papers with respect to these negotiations. Based on these policy papers, and on the final outcome of the negotiations, their goals can be established. This information is necessary to decide whether or not the policies of the actors were effective in terms of their own goals, either individually or in combination.²⁶

If there is more than one actor involved, as is the case with neo-corporatism where we are dealing with at least trade unions and employers' organisations, negotiations are required to arrive at either a common policy or plan, or an exchange of policies or plans (Kuypers 1973: 68 ff.). For Kuypers, these negotiations take place in a largely co-operative setting, based on a *common* interest that is directly derived from each actor's *particular* interest. Each actor's particular interest is anything that contributes to their own separate goals. Their common interest is anything that contributes to the goals of individual participating actors. Private interests can, however, only add up to a common interest, or result in an exchange of policies, if based on co-operative negotiations.

Summing up Kuypers' model:

- both trade unions and employers' organisations have their 'own' plan or policy that include goals that have to be achieved on a certain point in time;
- both trade unions and employers' organisations have a plan or policy that includes ways and means to arrive at those goals on those points of time;
- both the goals and the ways and means, that is the policy or plan of trade unions and employers' organisations, also depend on those of the other;

26. This definition of effectiveness may or may not include 'material' effectiveness in terms of performance with respect to indicators like strikes, economic growth, unemployment, inflation, and budget deficits. That depends on the question whether or not these goals are included in the goals of the actor(s) involved.

- co-ordination or exchange of goals, that is of policy or plan of trade unions and employers' organisations, requires co-operative negotiation.

Central in Kuypers' view is that a policy or plan involves a goal and that goals can be co-ordinated with other actors through co-operative negotiation. His theory is essentially actor centred and takes the Dutch institutional context, which seems to be directed at co-operative decision-making, largely for granted (but see Kuypers 1967). Scharpf (1998) on the other hand, shows that a co-ordination of goals may indeed involve co-operative negotiation in the institutions, but not necessarily. The given institutional position of actors cannot fully explain their choice of policies (goals and ways and means). It may limit the set of feasible options, but the choice of policies is also influenced by the styles of decision-making practised in those institutions. Scharpf (1998: 50) distinguishes three different styles: confrontation, bargaining, and problem solving. *Confrontation* "refers to interactions in which winning, or the defeat of the other side, has become the paramount goal, and which are often decided by superior force". *Bargaining* refers to interactions in which "participants are exclusively motivated by their own egotistic self-interest and the typical outcome is a compromise". Lastly, *problem solving* "implies the pursuit of common goals and the common search for an optimal solution".

However, in real life actors have both common and conflicting interests. Therefore, actors will be ambivalent; will be drawn to co-operation and to conflict at the same time. This ambivalence, however, also creates the possibility that interests and issues may be redefined. Or, as Kuypers would put it, that goals, and ways and means, i.e. policies or plans, may change, that is, add up to a common interest, or result in an exchange. Either during co-operative negotiations (Kuypers), or through conflict, bargaining and problem solving (Scharpf).

Kuypers' co-ordination or exchange of policies can be located in both the bargaining and the problem solving styles. In the bargaining style when we look at the composition of what is defined as the common interest, that is, anything that contributes to the particular interests of actors involved. And in the problem solving style when we look at the ways in which the common interest is created or policies are co-ordinated through co-operative negotiations. The possibility that no agreement at all can be reached, or that, through confrontation, one party may try to impose an agreement on the other party, Kuypers would have attributed to the fact that actors 'did it wrong', that is that actors followed rules that made it difficult if not impossible to make a plan that would 'work', that is, result in some sort of shared agreement. For Kuypers the obvious solution was to change the formal 'rules of the game' to ensure that a shared solution would become possible again (Kuypers 1967).

In Scharpf's three styles of decision-making these possibilities can, however, be accounted for. They are therefore more suited for empirical research of decision-

making. Kuypers' insistence on the other hand that policies involve goals and the ways and means to arrive at those goals can be used to explain why in a given situation actors may opt for one of the three possible styles of decision-making. In this sense, depending on the style of decision-making chosen, societal conflict can indeed be the basis for consensus building (Keman 1992; 1999). However, it is important to remember that in any given situation it can work both ways: towards co-operation but also towards conflict. On the one hand, the ability to co-operate generates important benefits for the actors involved (cf. Kuypers). On the other hand co-operation may be jeopardised by conflicts over either the choice of the possible co-operative solutions, or over the distribution of costs and benefits resulting from the chosen co-operative solution (Scharpf 1998: 53, 56). Therefore, fluctuations between conflict, bargaining and co-operation may be expected, especially if the outcomes tend to be consistently unequal and there is no possibility (or offer) for 'taking it in turns'.

When we apply the underlying logic of the three styles of decision-making to trade unions and employers' organisations in the Netherlands, my assumption is not so much that unanimous decision-making is required, but that in the end both parties are interested in an agreement, albeit as much as possible on their own terms. And for an agreement or contract, both parties are required. So we may expect that in general the bargaining style will be the starting point in the annual negotiations on wages and other terms of employment. Given the actual situation, recent history, and perceptions of the future (Scharpf 1987), we then may expect the actual negotiations to develop in various directions, depending on the style of decision-making for which both parties involved may opt. These in turn may be influenced by past experiences. We may therefore also expect that negotiations can result in different outcomes (Scharpf 1998: 54-57):

- *Confrontation*, that is a situation in which parties opt for winning in comparison to the other and parties are not interested in compromises which may be mutually beneficial. Parties behave individualistically, 'go at it alone', rather than to seek some sort of understanding for which they have to give in to the other party. This can be the consequence of intra-organisational dynamics or of the earlier behaviour of the other parties involved. This situation will be rare in real life as an outcome but not as a 'first move' in the game. However, where negotiations on wages and other terms of employment are concerned, a contract must be concluded. In game theory, the game that is most often associated with this configuration and outcome is Chicken;²⁷
- *Bargaining*, that is a situation in which parties do not want to go at it alone,

27. The chicken game is derived from a game played by youth gangs in the USA in the 1950s. Two car drivers drove their cars at each other. The first to divert his car was the 'chicken'. If no driver diverted, the game could result in serious injury or even death. The possible outcomes of this game

but rather want to reach an understanding. However, they are only prepared to compromise on their own terms. In this situation, negotiations may result in stagnation caused by endless disagreements, because parties behave competitively. Outcomes tend to be short-lived and non-consensual. In game theory, the game that is usually associated with this configuration and outcome is the Prisoners' Dilemma;²⁸

- *Problem solving*, that is a situation in which parties are prepared to seek "alternatives that afford the highest joint outcome" (McClintock 1972: 447, as cited by Scharpf 1998: 55). The danger here is that in time the co-operative definition of their mutual interest may be jeopardised if the outcomes of the negotiations are consistently unevenly distributed and the party which is in a weaker position bears most of the costs, while there is no provision for some form of 'taking it in turns' or compensation by other means. In game theory, the game associated with this configuration and outcome is Battle of the Sexes.²⁹

are: one actor wins, the other actor loses; the game ends in a draw (both actors divert or collide) (Braun 1999: 199; see also Tsebelis 1990; Scharpf 1998).

In terms of negotiations on incomes policy the outcomes are:

social partners clash and both lose (that is, both are not able to realise their agendas);

one of the social partners changes style of decision-making so the other is able to dictate terms (that is, can realise their agenda);

the government intervenes and manages to stop the game (that is, either imposes a binding measure on both, or succeeds in having both partners to change their style of decision-making).

28. The Prisoners' Dilemma describes the situation in which two prisoners are faced with the choice to speak out or to remain silent. To remain silent is the best option for both actors. Usually, both will probably speak, the second best option. The worst option for them is to remain silent while the other speaks (Braun 1999: 49 ff., 189 ff.; see also Tsebelis 1990; Scharpf 1998).

In terms of negotiations on incomes policy the Prisoners' Dilemma means that individually the preferred option for each partner is to hold on to their own agenda as long as possible. But as that may lead to protracted negotiations and costly deadlocks, social partners usually will settle for the second best option: compromise. From the point of view of minimising losses, this is actually the best option. The government may be instrumental in getting social partners to this option by either forcing or enticing them to compromise.

29. Battle of the Sexes describes a game in which two actors do want to engage in a common activity together, but they want different activities. Scharpf (1998) uses the example of a couple that would like to go out together for the evening. But he wants to go to a ball game and she wants to go to the opera (see also Tsebelis 1990). Assuming they care for each other, the possible outcomes of this game are:

- they go out separately (least preferred option for both);
- they go to the other's choice (one preferred option, one second best option);
- they go out to each preferred option in turn (repeated co-operative game).

In terms of negotiations on incomes policy the outcomes are:

- no agreement is reached, partners go their separate ways (least preferred option);
- an agreement is reached favouring either one of the partners (one preferred, one second best option);
- partners agree to 'take it in turns' (repeated co-operative game).

The government may be instrumental in getting social partners to conclude an agreement, either favouring one, or in the form of taking it in turns.

Hence the expectation that in real life negotiation processes we may find an alternation between *competition* (confrontation or bargaining) and *co-operation* (problem solving). Or, to put it in terms of the games described above, we may expect to find alternations between Chicken, the Prisoners' Dilemma and Battle of the Sexes, both during the annual negotiations and over time.³⁰

The following three ideal types of styles of decision-making can be operationalised:

A = Confrontation	The agendas of trade unions and employers' organisations differ substantially. There is hardly any common ground to reach agreement. Negotiations may be characterised by defection (from negotiations) and open conflicts (like strikes, lockouts and the like) between trade unions and employers' organisations. Fundamentally both actors put their own (self)interest first.
B = Bargaining	The agendas of trade unions and employers' organisations feature the same issues and concerns, but with differing emphases with regard to desired solutions and policies. Negotiations may be protracted, quite conflictual, and result in deadlocks. Parties may threaten to defect, but will avoid actual defection. Fundamentally both actors' rational interests make it difficult to come to an agreement.
C = Problem solving	The agendas of trade unions and employers' organisations feature the same issues and concerns and share enough common ground with regard to desired solutions and policies that there is a basis for exchange and compromise. Negotiations may nevertheless be characterised by temporary deadlocks or even long duration, but parties will continue to strive for the best joint optimal outcome. Fundamentally both actors have one or more shared interests that induce them to come to an agreement.

30. The games mentioned above will not be used for a game-theoretical *explanation* of the behaviour of social partners in term of their strategies. My aim is use these games to *describe* the interactions of social partners (based on their strategies) and the results of these interactions (see chapters 4, 5, and 6).

Above I have argued that a strategy (or policy) involves goals (Kuypers) and ways to reach those goals: confrontation, bargaining or problem-solving (Scharpf). The goals of trade unions and employers' organisation can be found in their respective agendas for the annual negotiations on wages and other terms of employment. The way they want to reach their goal can be discerned from the styles of decision-making they choose. However, Scharpf has shown that in fact during annual negotiations all three styles of decision-making may occur, depending on the situation, recent history and perceptions of the future (Scharpf 1987; 1998). Although both trade unions and employers' organisations need an agreement to reach their goals, this agreement can in practice be reached in various ways. This agreement is what Shepsle (1997: 283, 284) defines as a 'structure induced equilibrium'. Whether that Central Agreement is also the 'core', that is the agreement that is preferred by both actors above all other alternatives, depends on the measure of correspondence between the preferences of the social partners as included in their respective agendas, and the effects of that agreement in terms of actual outcome (see chapter 6).

In other words, the strategy of the trade unions and the employers' organisations is derived from their respective agendas. This strategy in turn determines the chosen style of decision-making. Following Scharpf (1987, 1998), the three styles of decision-making can be taken as a rank order of strategies that ranges from open confrontation, through bargaining, to problem solving. During negotiations, trade unions and employers' organisations may employ different strategies, resulting in different styles of decision-making. If that is the case, a number of combinations are possible.

When both parties opt for the same style of decision-making, the resulting style of decision-making poses no problem. However, a combination of styles in which one of the parties opts for confrontation (A) and the other for either bargaining (B) or problem solving (C) will always result in a situation of confrontation, because one of the parties puts its (self) interest first and refuses to cooperate. The party that opts for confrontation (A) is in a better position than the party that opts for bargaining (B) or problem solving (C) to influence the terms of the final agreement, if an agreement is reached at all.

A combination of styles in which one of the parties opts for problem solving (C) and the other for bargaining (B) will always result in a situation of bargaining, because one of the parties is intent upon resolving the differences between parties, and the other party is not bent on confrontation. The party that opts for bargaining (B) is in a better position than the party that opts for problem solving (C) to influence the terms of the final agreement (see Table 3.4 and Appendix).

3.3.3 Government strategy and styles of decision-making: process and outcome
Government, and trade unions and employers' organisations, have various strate-

gies and styles of decision-making at their disposal with which to conduct the annual negotiations on incomes policy. They may also change their strategy and style of decision-making during the annual bargaining process on incomes policy. In other words, it is a dynamic process until concluded in some form or other. This means that in every cycle of negotiations 4x3 options are available and that any possible combination thereof can be accounted for, based on the (changes in) strategy and style of decision-making employed by the actors involved. But not only changes in strategy and style of decision-making can be accounted for, the same goes also for consistent government strategies and styles of decision-making. As an instrument of analysis it is therefore suitable both for investigating variation during the process of negotiations on incomes policy across time and across systems. The Appendix lists the annual process and outcomes of negotiations on incomes policy in the Netherlands between 1965 and 2000 in terms of combinations of government strategies and styles of decision-making of trade unions and employers' organisations. Table 3.4 shows the possible combinations.

Table 3.4: The process and outcomes of the annual negotiations on incomes policy in the Netherlands 1965 - 2000

	Government strategy			
Style of decision-making	I = Passive	II = Co-operative	III = Congruent	IV = Guiding
A+A, B, C = Confrontation (A: Chicken game)	IA: Not neo-corporatist	IIA: Neo-corporatist	IIIA: Neo-corporatist	IVA: Not neo-corporatist
B + B, C = Bargaining (B: Prisoners' Dilemma)	IB: Not neo-corporatist	IIB: Neo-corporatist	IIB: Neo-corporatist	IVB: Not neo-corporatist
C + C = Problem solving (C: Battle of the Sexes)	IC: Quasi corporatist	IIC: Neo-corporatist	IIIC: Neo-corporatist	IVC: Corporatist

Government strategies II (co-operative) and III (congruent) represent a neo-corporatist government incomes policy. Styles of decision-making may range from confrontation to problem solving.

Cells IIA and IIIA represent steps in the bargaining process or outcomes in which government pursues a neo-corporatist strategy, but trade unions and employers' organisations opt for confrontation. Notwithstanding the government's neo-

corporatist strategy, the outcome in terms of concluding an agreement on incomes policy is not successful (see below).

Cells IIB and IIIB represent steps in the bargaining process or outcomes in which the government pursues a neo-corporatist strategy and trade unions and employers' organisations are willing to bargain. Although the government's strategy is neo-corporatist, the outcomes in terms of concluding an agreement on incomes policy may not always be successful (see below).

Cells IIC and IIIC represent steps in the bargaining process or outcomes in which the government pursues a neo-corporatist strategy, and trade unions and employers' organisations are most co-operative. In this situation, the outcome in terms of concluding an agreement on incomes policy is usually successful (see below). In other words, in case of a neo-corporatist government strategy, the outcome in terms of an agreement on incomes policy is determined by the style of decision-making of trade unions and employers' organisations.

Government strategies I and IV, the passive and the guiding strategy respectively, are not neo-corporatist. Cells IA, IB and IC cover those situations in which the government remains passive in the bargaining process or in the outcome, regardless of the chosen style of decision-making by trade unions and employers' organisations. Cell IC may seem to signify a neo-corporatist incomes policy from the perspective of styles of decision-making. Trade unions and employers' organisations display a high degree of co-operation with each other (see for instance Lehmbruch 1979; and also Armingeon 1983; Curtis 1987; Braun 1989; Cox 1989; Wolinetz 1989; and Kurzer 1991). However, from the perspective of neo-corporatism as a government strategy it is not a neo-corporatist incomes policy. This cell represents steps in the bargaining process or outcomes that can both also occur in a pluralist setting. It is 'quasi neo-corporatist'. The main point is that the government does not have any neo-corporatist intention. The government, who is the necessary third party for a neo-corporatist incomes policy³¹, leaves incomes policy completely to trade unions and employers' organisations. And trade unions and employers' organisations happen to co-operate with each other and come to an agreement.

Cells IVA, IVB, and IVC cover the situations in which the government imposes its own incomes policy package in bargaining process or outcome, regardless of the style of decision-making employed by trade unions and employers' organisations. Cell IVC represents an example of what may be called 'corporativism', otherwise also known as 'state led' or 'authoritarian corporatism' (Schmitter

31. See chapter 2, section 2.4 and for instance Katzenstein 1985; Keman 1985; Czada 1987; Lehner 1987; Armingeon 1994; Keman and Pennings 1995; Teulings and Hartog 1998; Hartog 1999; Jones 1999; Keman 1999; Hoogenboom and van Vliet 2000; Molina and Rhodes 2002; and van Waarden 2002.

1979, 1997). The main point is again that the government does not have any neo-corporatist intention. The government imposes its own incomes policy on trade unions and employers' organisations. And trade unions and employers' organisations happen to agree on that policy, or to comply with that policy without any resistance.

Based on this discussion of Table 3.4 I contend that a 'Polder Model' that emphasises co-operation between social partners (see chapter 2, section 2.3) is located in the problem solving style of decision-making (C). In addition, the government strategy must be of the neo-corporatist variety - co-operative (II) or congruent (III) -, as it is supposed to support or facilitate this co-operation in order to enhance performance. As explained above, the main point used in the definition of the behaviour of the actors in terms of strategies is their intention. The behaviour of the actors involved is not defined in terms of the outcome of that behaviour, that is in terms of whether or not they arrived at an agreement or not. Therefore, when I discuss the 'Polder Model' in this study, I specifically refer to outcomes represented by cells IIC and IIIC.

As an instrument of analysis, four possible government strategies and three possible styles of decision-making that can be employed by trade unions and employers' organisations have been identified. Research question 1, referring to Dutch incomes policy as the outcome of neo-corporatist government strategies, can be answered with this tool. The agendas of government, trade unions and employers' organisations have been established. These agendas, combined with the institutional setting and sequence of the annual bargaining process on incomes policy, determine their strategies and styles of decision-making. Government strategy, style of decision-making and their interaction determine the outcome of the annual process of negotiations on incomes policy in terms of a neo-corporatist outcome or not.

The neo-corporatist outcomes may be defined as the outcomes in which the government seeks to facilitate trade unions and employers' organisations to find a 'structure induced equilibrium' or Central Agreement that also represents the 'core' "in the sense that no other alternative, allowed by the rules of procedure, is preferred by" the participating three actors (Shepsle 1997: 283, 284). The substance of the outcome can be explained in terms of a reordering of the lists of needs of each actor that is expressed in their respective agendas. The government is the pivotal actor in this neo-corporatist process of reordering (Keman 1999: 262, 264-265; see also Molina and Rhodes 2002: 316-318). Whether the Central Agreement representing the 'structure induced equilibrium' is also conducive to approaching the 'core', will be derived from the measure of congruence between the preferences of the actors involved and the actual outcome (see chapter 6).

That is not to say that neo-corporatist outcomes in terms of government strategy are necessarily successful in terms of agreements on incomes policy. It may turn

out to be impossible to arrive at an agreement, despite all efforts made by the government. In terms of agreements on incomes policy, there are only four outcomes feasible. The first outcome is a bipartite Central Agreement between trade unions and employers' organisations. The second outcome is a tripartite Central Agreement between the government, trade unions and employers' organisations. The third outcome is no Central Agreement. And the last outcome is a government directed or imposed incomes policy.

That means that as a typology Table 3.4 is exhaustive; all possible combinations across time (and systems) can be accounted for. However, unlike a typology, the various categories are empirically not mutually exclusive. The four outcomes in terms of agreements on incomes policy may be reached through a variety of stages and outcomes of the bargaining process, thereby showing both the process and variation over time (see Appendix).

A bipartite Central Agreement between trade unions and employers' organisations can be the outcome of various combinations of government strategies and styles of decision-making of trade unions and employers' organisations.

- IB and IC: the government remains passive in the bargaining process or outcome, and trade unions and employers' organisations succeed in reaching a Central Agreement;
- IIB and IIC: in the bargaining process the government facilitates negotiations between trade unions and employers' organisations who then come to a Central Agreement; an outcome that is supported by the government.

A tripartite Central Agreement between the government and trade unions and employers' organisations can also be the outcome of various combinations of government strategies and styles of decision-making.

- IIIB and IIIC: the government is actively involved as a third party in negotiations on incomes policy (bargaining process) and succeeds in formulating a policy package that accommodates all three actors involved (outcome).

It is also possible that in the end no Central Agreement on incomes policy can be reached.

- IA and IB: the government remains passive in the bargaining process or outcome and trade unions and employers' organisations are bent on confrontation (A), or negotiations bog down in a deadlock (B);
- IIA and IIIA: in the bargaining process the government tries to facilitate negotiations between trade unions and employers' organisations (II), or the government is actively involved in negotiations as a third party (III); but despite these efforts, trade unions and employers' organisations are bent on confrontation (A) and the outcome is that no Central Agreement is reached;
- IIB and IIIB: in the bargaining process the government tries to facilitate negotiations between trade unions and employers' organisations (II), or the government is actively involved in negotiations as a third party (III); but

despite these efforts, negotiations between trade unions and employers' organisations bog down in a deadlock and the outcome is that no Central Agreement is reached.

Finally, a government directed or imposed incomes policy (IV), can also be the outcome of various combinations of government strategies and styles of decision-making.

- IVA, IVB, and IVC: regardless of the style of decision-making of trade unions and employers' organisations, the government imposes its own policy package during the bargaining process and on the outcome.

Nevertheless, with this instrument of analysis, that is used to research the respective agendas, the annual negotiations (process) and the outcomes, research question 1 can be answered, as all possible stages in the process of negotiations and all possible outcomes can be accounted for, be they neo-corporatist or not (see Appendix). With this instrument neo-corporatist government strategies that fail in terms of Central Agreements can be detected as well. The same goes for co-operative styles of decision-making of trade unions and employers' organisations that can go together with non-neo-corporatist government strategies. Lastly, with this instrument, it is also possible to avoid 'Dutch-centrist' explanations of Dutch incomes policy and to compare the formation and implementation of Dutch incomes policy to that of other countries. That makes this tool also an eminently suitable instrument of analysis for investigating processes of negotiations on incomes policy across time and across countries.

Research question 2 refers to the effectiveness of Dutch incomes policy in terms of the agendas of the actors involved and will be treated in chapter 6. The annual outcomes of the process of negotiations on incomes policy in terms of Central Agreements provide the answer to this research question. The effectiveness of Dutch incomes policy is first analysed in terms of Central Agreements. The issue is, first, whether or not a neo-corporatist incomes policy (research question 1) does indeed show a better performance in terms of Central Agreements ('structure induced equilibrium') than a non-neo-corporatist incomes policy. The second issue is whether or not a Central Agreement also leads to a higher measure of congruence between the actors' preferences and actual performance (approaching the 'core').

3.4 *Concluding remarks*

In this chapter I have elaborated the research design in terms of cases and the logic of comparison. The Dutch case is operationalised with regard to the concepts developed, the period investigated, the institutions and actors involved, and the data available.

In Table 3.4 I have developed an analytical framework based on my previous research (van Brakel et al 1985; see also Keman et al 1985), and on Kuypers'

(1973, 1980a, 1980b) and Scharpf's approaches (1987, 1998), with which it is possible to chart both the annual process and the outcome of negotiations on incomes policy between government, trade unions and employers' organisations. The framework lists the possible combinations of strategies and styles of decision-making that can be employed by the actors involved. Thus the framework can account for the essential intentions of government, trade unions and employers' organisations with regard to neo-corporatist practices within the given rule system of annual negotiations on Dutch incomes policy. However, the flexibility of the analytical framework makes it also eminently suited for investigating the process of negotiations on incomes policy in other countries. I have therefore argued that the research approach chosen is both a valid and an interesting way to investigate the research questions.

In the next chapter I will present the main research findings of the Dutch case study on the basis of this research design. These findings will provide an answer to the first research question. In chapter 5 the research findings will be further elaborated in order to substantiate the answer on research question 1 provided in chapter 4.

4. Main research findings of the Dutch case

In this chapter the main research findings of the Dutch case are presented. These findings are based on the research of the strategies and styles of decision-making of the actors involved in the annual process of negotiations on the formation and implementation of incomes policy in the market sector as set out in chapter 3. Both government strategies and styles of decision-making of trade unions and employers' organisations have been analysed by means of 'thick' description of the annual process of negotiations on incomes policy between 1965 and 2000. The data, that is, the description of process and outcome can be found in the Appendix. The findings provide the information needed to answer the first research question:

Can neo-corporatism, defined as a government strategy for conflict regulation, offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000?

I shall first discuss the opening government strategies and styles of decision-making of trade unions and employers' organisations. Next I shall discuss the concluding government strategies and styles of decision-making. Lastly I shall discuss the sequence of changes in both government strategy and style of decision-making of trade unions and employers' organisations. This discussion across time and across cases will provide the answer to the first research question.

The main research findings show that the answer to the first research question is affirmative. Neo-corporatism as a government strategy for conflict regulation does offer a plausible explanation of Dutch incomes policy between 1965 and 2000. But neo-corporatism varied over time and was dependent on external circumstances that influenced the government's room to manoeuvre (see chapter 5 for a discussion of these external circumstances).

Neo-corporatism as a government strategy for conflict regulation also matters as it diminished conflict between social partners. Less conflict between social partners, however, did not necessarily result in more agreements. Although the 'structure induced' social partners to less conflict, this did not result in more

‘equilibria’ or Central Agreements (see Shepsle 1997: 283, 284 and chapter 3). Whether these Central Agreements also approached the ‘core’, that is, came close to the alternative that is preferred by all three actors above all other alternatives, will be discussed in chapter 6.

As stated, the government strategies II (co-operative) and III (congruent) are considered to be neo-corporatist government strategies. The government strategies I (passive) and IV (guiding) are considered to be non-neo-corporatist strategies (see chapter 3, sections 3.3.1 and 3.3.3). The style of decision-making of trade unions and employers’ organisations may range from confrontation (A: Chicken), via bargaining (B: Prisoners’ Dilemma), to problem solving (C: Battle of the Sexes), or vice versa. In the case of a neo-corporatist government strategy, the style of decision-making determines the outcome, in terms of co-operation between social partners and of concluding a Central Agreement on incomes policy.

The non-neo-corporatist government strategies I (passive) and IV (guiding) cannot produce a neo-corporatist incomes policy, regardless of the style of decision-making. There are, however, two combinations of strategy and style that merit some further elaboration (see also chapter 3, Table 3.4 in section 3.3.3). Firstly, the combination of the passive government strategy (I) and the problem solving style of decision-making (C). This may seem to signify a neo-corporatist incomes policy from the point of view of styles of decision-making. But from the point of view of neo-corporatism as a government strategy it is not. It is either part of a sequence of strategies and styles within the annual process of negotiations on incomes policy, or an outcome of that process, that can both also occur in a pluralist setting. The main point is that the government does not have neo-corporatist intentions, but leaves incomes policy completely to social partners, who happen to come to an agreement.

The same holds true for the other combination: the guiding government strategy (IV) and the problem solving style of decision-making (C). This combination may be labelled as a variety of ‘corporativism’, ‘state led corporatism’, or ‘authoritarian corporatism’ (Schmitter 1979, 1997), but it is not considered as a neo-corporatist incomes policy. Again, the main point is that the government does not have a neo-corporatist intention, but imposes its own incomes policy on social partners, who happen to agree on that policy, or comply with that policy.

4.1 Opening government strategies and styles of decision-making

The annual process of negotiations on the formation and implementation of incomes policy starts with the actors producing their agendas and taking a stand with respect to strategy and style of decision-making to start the process of negotiations. Below I shall first discuss the government strategies with which the annual process of negotiations on incomes policy was started. Then I shall discuss the styles of decision-making.

Table 4.1 lists the opening strategies and styles of decision-making during the annual process of negotiations on incomes policy between 1965 and 2000. Figures 4.1 and 4.2 show the frequencies of opening strategy and style of decision-making.

Table 4.1: Crosstabulation opening government strategy and style of decision-making of trade unions and employers' organisations 1965 – 2000

Opening style of decision-making	Opening government strategy				Total
	I: Passive	II: Co-operative	III: Congruent	IV: Guiding	
A: Confrontation	2 5.6%	6 16.7%	3 8.3%	4 11.1%	15 41.7%
B: Bargaining	2 5.6%	9 25.0%	3 8.3%	4 11.1%	18 50.0%
C: Problem solving	1 2.8%	1 2.8%	1 2.8%	0 0%	3 8.3%
Total	5 13.9%	16 44.4%	7 19.4%	8 22.2%	36 100%

Note: Chi-Square is 2.336. This shows that there is no statistically significant relationship between opening government strategy and opening style of decision-making. Percentages represent proportion of total N=36. Numbers relate to the number of years.

Source: Appendix

From Table 4.1 and Figures 4.1 and 4.2, it is clear that in a majority of the years, the government's opening strategy was neo-corporatist (II+III). In 23 of the 36 years, or in 63.8% of the cases, the government's opening strategy was either co-operative (II: 44.4%) or congruent (III: 19.4%). However, in 13 years (36.2%) the government's opening strategy was non-neo-corporatist (I+IV). In five years (13.9%) it was the passive strategy (I), and in eight years (22.2%) it was the guiding strategy (IV). Hence, in 31 years (86.1%) the government was actively seeking and suggesting solutions (for incomes policy) at the start of the negotiations on incomes policy (II+III+IV).

With respect to the style of decision-making it is striking that in 33 of the 36 years (91.6%) the opening style was of the competitive variety (Scharpf 1998): confrontation (A: 15 years - 41.7%) or bargaining (B: 18 years - 50.0%). In only three years (8.3%) the opening style was of the co-operative variety: problem solving (C). Whether or not symbolic (Klamer 1991), this implies that conflict rather than consensus is the point of departure for social partners in putting forward their preferences, since only three times consensus was the start of negotiations.

Apparently, the fact that there is tri-partite consultation does not imply that the existence of institutions of centralised bargaining on incomes policy between government, trade unions and employers' organisations in itself is a sufficient con-

Figure 4.1: Frequency opening government strategy 1965 - 2000

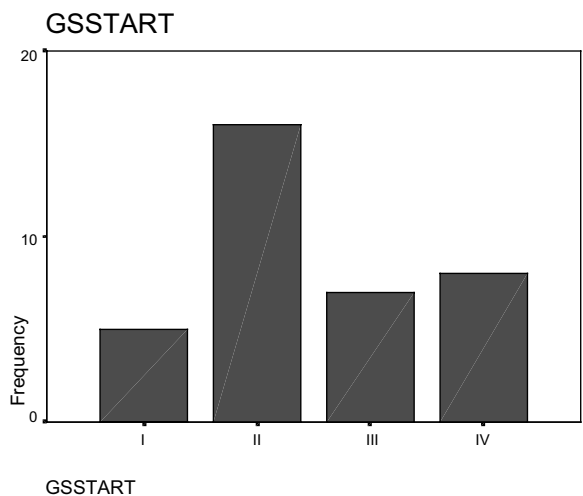
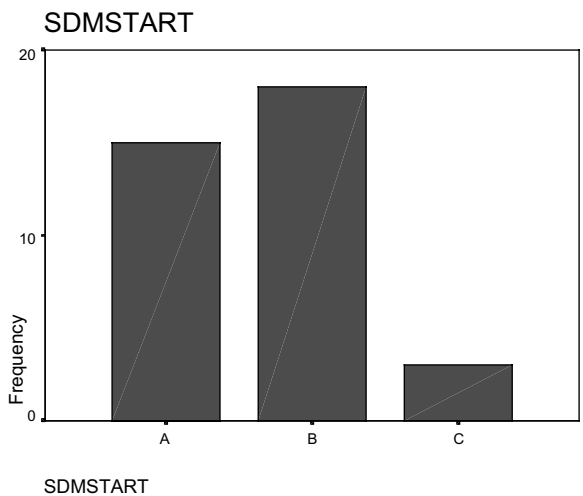


Figure 4.2: Frequency opening style of decision-making of trade unions and employers' organisations 1965 – 2000



dition for neo-corporatism, as some researchers have claimed (see for instance Schmitter 1979; Wilson 1990; Western 1991). The research also shows that institutionalisation of industrial relations is not a sufficient condition for consensus or co-operation between social partners either, at least not at the start of the process of negotiations on incomes policy (as for instance Lehmbruch 1979; Marks 1986; Wolinetz 1989; and Kurzer 1991 assumed). Conversely, active government involvement at the start of negotiations on incomes policy in itself cannot be taken as an indication for declining neo-corporatism (as for instance Curtis 1987; Wolinetz 1990; and Kurzer 1991 did).

Tables 4.1 and 4.2 and Figures 4.3 and 4.4 also show that at least as far as the opening government strategy is concerned, active government involvement is an important feature of negotiations on Dutch incomes policy throughout the whole period. And these tables and figures show that in a majority of the years the government starts its involvement with a neo-corporatist strategy. This supports the view of those researchers who regard the government to be a crucial partner in Dutch macroeconomic policy co-ordination (see for instance Teulings and Hartog 1998; Keman 1999, 2000; Siaroff 1999; van Sinderen 2000; van Waarden 2002; Molina and Rhodes 2002 - see also chapter 2 and chapter 3) as well as my own contention. The observed lack of co-operation between social partners at the start of negotiations on incomes policy during the whole period 1965 and 2000 is in agreement with the findings of Dutch researchers that discussed the changes in the Dutch system of industrial relations and centralised bargaining in the 1960s and 1970s in terms of a development from consensus or harmony in the 1950s to conflict and polarisation in the 1960s and 1970s (see for instance Akkermans and Grootings 1979; Nobelen 1983; Arendsen and Geul 1983; Albeda and ten Hove 1986). Figures 4.5 and 4.6 show that conflict and polarisation, at least at the start of negotiations on incomes policy, continued in the 1980s and 1990s as well.

However, a confrontational style of decision-making (A: Chicken)) between social partners at the start of negotiations on incomes policy is only part of the story on changes in Dutch industrial relations. The important question is whether in the institutionalised process of negotiations on incomes policy confrontation can be reduced and consensus can be achieved. Or, to put it in other words, whether social partners can reach an 'equilibrium', that is, an agreement (see chapter 3 and chapter 6).

The lack of co-operation between social partners at the start of negotiations on incomes policy was not limited to the 1960s and 1970s; it continued in the 1980s and 1990s. This is a remarkable result. Above I have shown that in a majority of the years, both before 1983 and after 1982, the government started its involvement in negotiations on incomes policy with a neo-corporatist strategy. Social partners on the other hand started their involvement with a competitive style of decision-making (confrontation (A: Chicken)) or bargaining (B: Prisoners' Dilemma)).

Table 4.2: Annual opening government strategy and style of decision-making of trade unions and employers' organisations 1965 – 2000

Year	Opening government strategy				Opening style of decision-making			Strategy plus style
	I: Passive	II: Co-operative	III: Congruent	IV: Guiding	A: Confrontation	B: Bargaining	C: Problem solving	
1965			III		A			IIIA
1966	I					B		IB
1967				IV		B		IVB
1968				IV		B		IVB
1969				IV	A			IVA
1970		II					C	IIC
1971				IV		B		IVB
1972		II			A			IIA
1973		II				B		IIB
1974		II			A			IIA
1975		II				B		IIB
1976		II			A			IIA
1977		II				B		IIB
1978		II			A			IIA
1979				IV	A			IVA
1980		II				B		IIB
1981			III		A			IIIA
1982	I					B		IB
1983			III		A			IIIA
1984	I						C	IC
1985				IV		B		IVB
1986	I				A			IA
1987			III			B		IIIB
1988		II			A			IIA
1989		II				B		IIB
1990			III				C	IIIC
1991				IV	A			IVA
1992	I				A			IA
1993			III			B		IIIB
1994				IV	A			IVA
1995		II			A			IIA
1996		II				B		IIB
1997		II				B		IIB
1998		II				B		IIB
1999			III			B		IIIB
2000		II				B		IIB
Total	5	16	7	8	15	18	3	36

Source: Appendix

Figure 4.3: Frequency opening government strategy 1965 – 1982

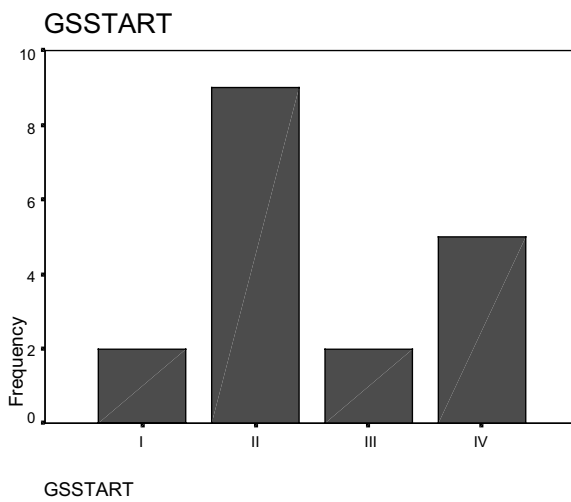


Figure 4.4: Frequency opening government strategy 1983 - 2000

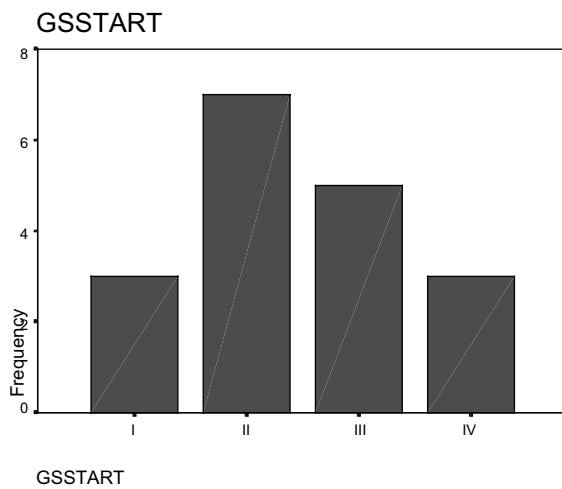


Figure 4.5: Frequency opening style of decision-making of trade unions and employers' organisations 1965 – 1982

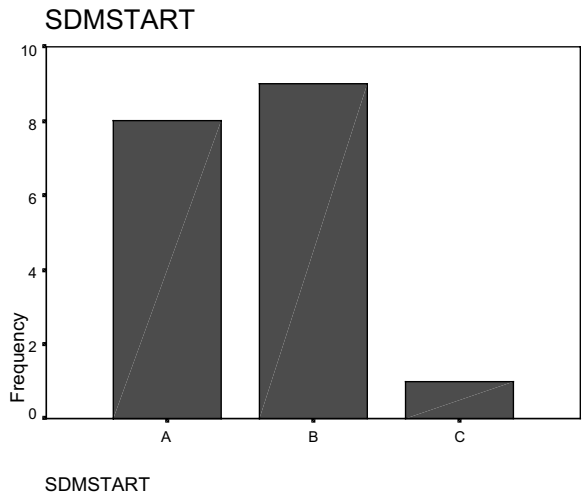
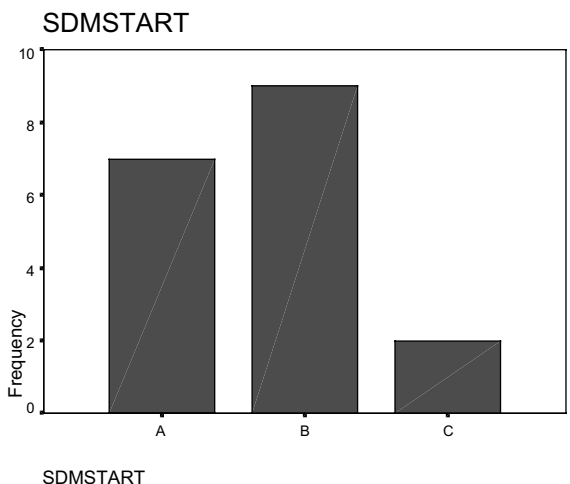


Figure 4.6: Frequency opening style of decision-making of trade unions and employers' organisations 1983 – 2000



Apparently, social partners have to find an ‘equilibrium’ between them first, before negotiations and consultations with the government can effectively begin. The argument, therefore, that the Dutch ‘Miracle’ is due to the ‘Wassenaar Agreement’ (1983) between trade unions and employers’ organisations that was adhered to during the 1980s and 1990s (Visser and Hemerijck 1997; Hemerijck and Visser 2000), is not supported by the opening styles of decision-making of trade unions and employers’ organisations in that period. In seven years between 1983 and 2000, the opening style of decision-making was the confrontational style (A: Chicken)), in nine years it was the bargaining style (B: Prisoners’ Dilemma), and in only two years (1984, 1990)³² it was the problem solving style (C: Battle of the Sexes). Notwithstanding the ‘Wassenaar Agreement’, social partners were apparently prepared for some tough negotiations on incomes policy in the following years. They did not rule out confrontation from the start. This can be understood as a kind of ‘Prisoner’s Dilemma’: social partners apparently need information or guidance (by government intervention) to be able to transform into a more co-operative style (Scharpf 1998: 54-57).

To sum up, Tables 4.1 and 4.2, and Figures 4.1 - 4.6, show that the conceptualisation and subsequent operationalisation of government strategies and styles of decision-making that is used in this research are indeed capable of detecting changes and variations in neo-corporatism over time in terms of opening government strategies and styles of decision-making in negotiations on incomes policy. Moreover, they show that an operationalisation of neo-corporatism as merely the existence of formal institutions of centralised bargaining cannot sufficiently account for the actions of the actors within those institutions (see for example Schmitter 1979; Wilson 1990; Western 1991). The research shows that even within ‘neo-corporatist’ institutions, government, trade unions and employers’ organisations can and do employ non-neo-corporatist strategies and competitive styles of decision-making. In particular, the research shows that assumed outcomes of neo-corporatism in terms of consensus and co-operation between trade unions and employers’ organisations in the formal institutions does not adequately capture the actual behaviour of social partners at the start of the annual process of negotiations on incomes policy (see also Siaroff 1999; Molina and Rhodes 2002). The opening game that is actually played is a ‘nested’ one (Tsebelis 1990): in a majority of the years the government’s opening game is a re-iterative one (neo-corporatism); however, within this repeated game, the social partners often open with a one-shot-game of Chicken or Prisoners’ Dilemma (competition: A and B).

32. In 1984, incomes policy in the market sector was still covered by the bipartite ‘Wassenaar Agreement’ of 1983. The agreement involved an exchange of the price indexation for a reduction in working hours. In 1990, immediately at the start of negotiations on incomes policy, parties agreed to a tripartite Central Agreement, the ‘Joint Policy Framework’ (Gemeenschappelijk Beleidskader).

This is an important observation. It shows an interaction between government strategy and style of decision-making of trade unions and employers' organisations. It also shows that government apparently defines the room to manoeuvre for social partners. And it shows that trade unions and employers' organisations rather play a game by waiting and 'hiding' their preferences. As a repeated game it seems institutionalised, as a one-shot game it looks driven by short term interests. How can this be transformed into a consensual game? This is the object of the analysis of concluding government strategies and styles of decision-making in this study.

4.2 Concluding government strategies and styles of decision-making

During the annual process of negotiations on the formation and implementation of incomes policy, both government and trade unions and employers' organisations can and sometimes do change their strategy. This outcome of the process is represented by a final combination of government strategy and style of decision-making of trade unions and employers' organisations. Below I shall first discuss the outcomes of the annual process of negotiations on the formation and implementation of incomes policy in terms of the concluding government strategy. Then I shall discuss the outcomes in terms of the concluding style of decision-making of trade unions and employers' organisations. I will conclude with a discussion of the outcomes in terms of the specific combination of government strategy and style of decision-making of trade unions and employers' organisations in view of my conceptualisation of neo-corporatism.

Table 4.3: Crosstabulation concluding government strategy and style of decision-making of trade unions and employers' organisations 1965 – 2000

Concluding style of decision-making	Concluding government strategy				Total
	I: Passive	II: Co-operative	III: Congruent	IV: Guiding	
A: Confrontation	4 11.1%	4 11.1%	0 0%	2 5.6%	10 27.8%
B: Bargaining	2 5.6%	9 25.0%	4 11.1%	6 16.7%	21 58.3%
C: Problem solving	2 5.6%	1 2.8%	1 2.8%	1 2.8%	5 13.9%
Total	8 22.2%	14 38.9%	5 13.9%	9 25.0%	36 100%

Note: Chi-Square is 6.387. This shows that there is no statistically significant relationship between concluding government strategy and concluding style of decision-making. Percentages represent proportion of total N=36. Numbers relate to the number of years.

Source: Appendix

Table 4.3 lists the concluding government strategies and styles of decision-making of the annual process of negotiations on incomes policy between 1965 and 2000. Figures 4.7 and 4.8 show the frequencies of concluding government strategies and styles of decision-making.

Table 4.3 and Figure 4.7 show that during the whole period, in only eight years (I: 22.2%), the process of negotiations on the formation and implementation of incomes policy ended in an outcome in which the government finally refrained from any further intervention in incomes policy. In 28 years, the government remained actively involved in the process of negotiations on incomes policy one way or the other until the very end (II+III+IV: 77.8%).

In 19 of the 36 years between 1965 and 2000, that is, in 52.8% of the cases, the process of negotiations on incomes policy ended with the government pursuing a neo-corporatist strategy (II + III). In 14 years that was a co-operative strategy (II: 38.9%), and in five years a congruent strategy (III: 13.9%).

In 17 of the 36 years, however, that is, in 47.2% of the cases, the process of negotiations on the formation and implementation on incomes policy ended with the government pursuing a non-neo-corporatist strategy (I and IV). In eight years that was a passive strategy (I: 22.2%). In nine years that was a guiding strategy (IV: 25%).

Table 4.3 and Figure 4.8 show the concluding styles of decision-making between 1965 and 2000. It is striking that in 10 years the process of negotiations on incomes policy still ended with the confrontational style of decision-making (A or Chicken: 27.8%). In 21 years the process ended with the bargaining style of decision-making (B or Prisoners' Dilemma: 58.3%). And in five years with the problem solving style (C or Battle of the Sexes: 13.9%).

As with opening government strategies and styles of decision-making, tri-partite consultation with respect to concluding government strategies and styles of decision-making does not imply that the existence of formal institutions of centralised bargaining on incomes policy between government, trade unions and employers' organisations is a sufficient condition for neo-corporatism (as Schmitter 1979; Wilson 1990; and Western 1991 assumed). The research also shows that formal institutionalisation is not a sufficient condition for consensus or co-operation between social partners either; not at the start, nor at the conclusion of the process of negotiations on incomes policy (as for instance Lehmbruch 1979; Marks 1986; Wolinetz 1989; and Kurzer 1991 assumed). In addition, an active government involvement at the end of negotiations on incomes policy is no more an indication for declining neo-corporatism as it is at the start (as for instance Curtis 1987; Wolinetz 1990; and Kurzer 1991 stated).

Tables 4.3 and 4.4 also show that at least as far as the concluding government strategy is concerned, active government involvement remained an important feature of negotiations on Dutch incomes policy throughout the whole period.

Figure 4.7: Frequency concluding government strategy 1965 – 2000

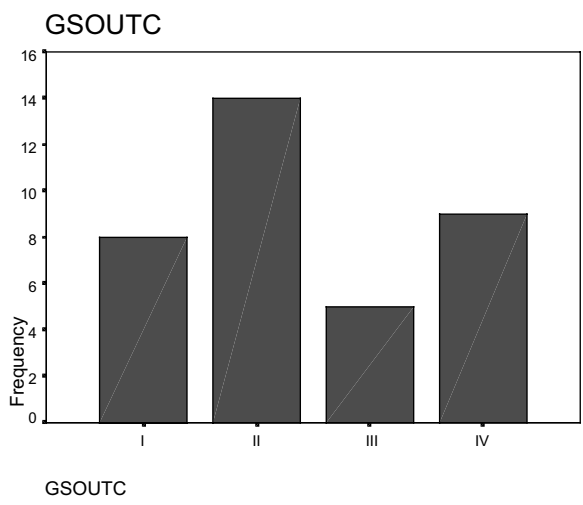


Figure 4.8: Frequency concluding style of decision-making of trade unions and employers' organisations 1965 – 2000

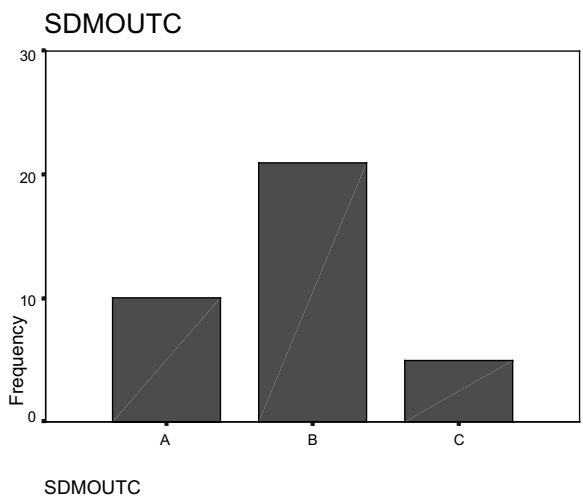


Table 4.4: Annual concluding government strategy and style of decision-making of trade unions and employers' organisations 1965 - 2000

	Concluding government strategy				Concluding style of decision-making			Strategy plus style
Year	I: Passive	II: Co-operative	III: Congruent	IV: Guiding	A: Confrontation	B: Bargaining	C: Problem solving	
1965			III			B		IIIB
1966				IV		B		IVB
1967				IV		B		IVB
1968	I					B		IB
1969				IV	A			IVA
1970				IV			C	IVC
1971	I				A			IA
1972	I				A			IA
1973		II			A			IIA
1974				IV		B		IVB
1975		II				B		IIB
1976				IV		B		IVB
1977		II				B		IIB
1978		II				B		IIB
1979		II			A			IIA
1980				IV		B		IVB
1981				IV	A			IVA
1982				IV		B		IVB
1983	I						C	IC
1984	I						C	IC
1985	I					B		IB
1986	I				A			IA
1987			III			B		IIIB
1988		II			A			IIA
1989		II				B		IIB
1990			III			B		IIIB
1991		II				B		IIB
1992	I				A			IA
1993			III			B		IIIB
1994		II					C	IIC
1995		II			A			IIA
1996		II				B		IIB
1997		II				B		IIB
1998		II				B		IIB
1999			III				C	IIIC
2000		II				B		IIB
Total	8	14	5	9	10	21	5	36

Source: Appendix

And in a majority of the years the government ended its involvement with a neo-corporatist strategy. This again supports the view of those researchers who regard the government to be a crucial partner in Dutch macroeconomic policy co-ordination (see for instance Teulings and Hartog 1998; Keman 1999, 2000; Siaroff 1999; van Sinderen 2000; van Waarden 2002; Molina and Rhodes 2002 - see also chapter 2 and chapter 3) as well as my own contention.

Table 4.4 lists the concluding government strategy and style of decision-making over time. Obviously, the distribution of the annual outcomes as a concluding result shows that strategies and styles of decision-making do vary considerably across time. The concluding non-neo-corporatist guiding (IV) government strategy predominated before 1983. The bargaining (B: Prisoners' Dilemma) style of decision-making remained dominant during the whole period. The combination of the non-neo-corporatist guiding (IV) strategy with the bargaining (B) style of decision-making was clearly the dominant game before 1983. The combination of the neo-corporatist co-operative (II) government strategy with the bargaining (B) style of decision-making apparently became the dominant game after 1982.

In the mid 1970s, the aim of the government's neo-corporatist strategies was to bring trade unions and employers' organisations to conclude Central Agreements in order to overcome the effects of the oil crisis of 1973. When these attempts proved unsuccessful, the government took over incomes policy with the non-neo-corporatist guiding (IV) strategy. After 1986, the aim of neo-corporatist government intervention in the annual process of negotiations on incomes policy was again to bring trade unions and employers' organisations to conclude Central Agreements.

After 1986, governments did not revert to the non-neo-corporatist guiding (IV) strategy when agreement proved difficult, because in 1986, the Law on Wage Formation was amended. From 1987 onwards, government intervention in incomes policy in the market sector was only allowed in case of a national emergency caused by external factors (see chapter 3, section 3.2.3). Trade unions and employers' organisations now had ample room to manoeuvre to pursue their interests in the market sector. However, because the market sector was effectively severed from the (semi-) public sector by the Lubbers I government since 1983 and only relinked ad hoc and on a partial basis in the 1990s (see Appendix), disagreement between social partners in the market sector did not have the same detrimental effects on the government's expenditure and resulting budget deficit as it had in the early 1980s. Even if the government's neo-corporatist strategy was not successful in bringing social partners to an agreement in the market sector, there was no need for the government to intervene in incomes policy with binding policy measures to prevent a negative spill-over to the (semi-) public sector. Hence the government's preference for a concluding neo-corporatist strategy.

In the 1960s and the early 1970s the search is on for a new system and procedure

of free³³ central negotiations on incomes policy. The concluding non-neo-corporatist government strategy goes back and forth between the guiding strategy (IV) and the passive strategy (I). Trade unions and employers' organisations have some difficulties to adjust to the new situation after the demise of the centrally guided incomes policy. Their inability to reach agreements reinforced the habitual tendency of governments of all persuasions to take over again the determination of incomes policy as they were used and authorised to do from 1945 until 1965. The government retained that authority in the new Law on Wage Formation of 1968/70 as well. Only reluctantly, governments refrained from intervention in the formation and implementation of incomes policy to give trade unions and employers' organisations a chance to come to an agreement.

In the first half of the 1980s, the concluding government strategy was the guiding strategy (IV) in the period 1980 - 1982, and the passive strategy (I) in the period 1983 - 1986. In the period 1980 - 1982, the economic situation gradually worsened, especially after the second oil crisis of 1979/80. Incomes policy from 1980 to 1982 was determined by the Van Agt I government's policy programme Bestek 81 (Direction 81) that determined the framework for (de)central negotiations. The programme aimed at a reduction of the rapidly increasing budget deficit. To that effect, incomes policy in the market sector had to result in moderation. Because of all the linking mechanisms between the market sector and the (semi-) public sector, a moderate incomes policy in the market sector made it more feasible to achieve moderation in the (semi-) public sector as well. This in turn would contribute to a reduction of (the rate of increase of) the deficit. During the whole period 1980 - 1982, trade unions and employers' organisations were not able to reach any central agreement, although they came quite close in 1980. The main obstacle was their widely differing views on how to tackle the economic problems that resulted in ever growing budget deficits. Neither party was prepared to give an inch on the issue of incomes, despite efforts by the government. In terms of game theory, social partners opted for either Chicken or the Prisoners' Dilemma. Consequently, to reach its objective of a reduction of (the rate of increase of) the deficit, government largely took over responsibility for incomes policy in these years and in that way resolved the game.

From 1983, based on the bipartite 'Wassenaar Agreement' of 1982 in the market sector, the Lubbers I government had effectively severed all linking mechanisms between the market sector and the (semi-) public sector. Both sectors were only relinked partially and on an ad-hoc basis in the 1990s. Consequently, the incentive for the government to intervene with binding policy measures in the process or outcome of negotiations on incomes policy in the market sector was greatly

33. Meaning free from the government interference that was customary in the era of the centrally guided incomes policy between 1945 and 1965 (see Appendix).

reduced after 1983. The government's main preoccupation in those years was the reduction of government expenditure and the budget deficit by reducing the (semi-) public sector. Incomes policy in the market sector was largely left to social partners (see also Hemerijck 2003: 53 ff.).

To sum up, Tables 4.3 and 4.4 and Figures 4.7 and 4.8, show that the conceptualisation and subsequent operationalisation of government strategies and styles of decision-making that is used in this research are indeed capable of detecting changes and variations in neo-corporatism over time in terms of concluding government strategies and styles of decision-making in negotiations on incomes policy as well. As with opening strategies and styles, these tables and figures show that an operationalisation of neo-corporatism as merely the existence of formal institutions of centralised bargaining cannot sufficiently account for the actions of the actors within these institutions. The research shows that even within formal 'neo-corporatist' institutions, the relevant actors can and do end their interactions with non-neo-corporatist government strategies and competitive styles of decision-making, depending on external circumstances that had an impact on the government's room to manoeuvre and social partners' ability to come to an agreement, that is, to find an 'equilibrium'. Assumed outcomes of neo-corporatism in terms of consensus or co-operation between social partners in the formal institutions, therefore, cannot adequately capture their actual behaviour with which the annual process of negotiations on incomes policy is concluded (see also chapter 5 and chapter 6).

4.3 Comparison of opening and concluding strategies and styles of decision-making

A comparison between opening and concluding strategies and styles of decision-making - Tables 4.1 - 4.4 - shows the following results. Firstly, the difference between opening and concluding government strategies is rather limited. In only eight years (22.2%), the concluding government strategy differs from the opening strategy. Secondly, the difference between opening and concluding government strategies constitutes a change from neo-corporatist (II+III) to non-neo-corporatist (I+IV) strategies: from an opening neo-corporatist strategy in 23 years (63.8%) to a concluding neo-corporatist strategy in 19 years (52.8%). Non-neo-corporatist government strategies increased from 13 opening strategies (36.2%) to 17 concluding (47.2%). And thirdly, this change is mainly due to the increase in the concluding passive government strategy (I) in 1968, 1971, 1972, 1983 and 1985 (see Tables 4.4 and 4.5). That is, the process of negotiations on incomes policy became less tri-partite and more bi-partite between 1965 and 2000. Nevertheless, as stated above, the difference between opening and concluding government strategies is relatively small.

In the search for a new system and procedure for negotiations on incomes policy, with great reluctance, governments sometimes refrained from intervention in the

formation and implementation of incomes policy to give trade unions and employers' organisations a chance to come to an agreement amongst themselves. This was the case in 1968, 1971 and 1972. In 1983 and 1985 it was the effect of the 'Wassenaar Agreement' on the exchange of the price indexation for a reduction of working hours that determined incomes policy in the market sector. The agreement removed the pressure on the government to intervene in incomes policy in the market sector with binding measures in order to achieve a moderation of incomes policy. The agreement made it possible for the government to continue its efforts to reduce government expenditure and the budget deficit by delinking the (semi-) public sector from the market sector and subsequently cutting expenditure in the (semi-) public sector.

With respect to the styles of decision-making, the outcome is different. In 15 years (41.7%) the opening style of decision-making was confrontational (A: Chicken), whereas the concluding style of decision-making was confrontational (A) in 10 years (27.8%). In 18 years (50.0%) the opening style of decision-making was bargaining (B: Prisoners' Dilemma), whereas the concluding style of decision-making was bargaining (B) in 21 years (58.3%). Lastly, in only three years (8.3%) the opening style of decision-making was problem solving (C: Battle of the Sexes), while in five years (13.9%) the concluding style of decision-making was of the problem solving (C) variety. During the process of negotiations on incomes policy social partners became less confrontational and more co-operative (see Table 4.6), whereas government strategy became less neo-corporatist, due to an increase in the number of concluding passive (I) government strategies (see Table 4.5).

Table 4.5: Opening and concluding government strategy 1965 – 2000

	Government strategy				Total
	I: Passive	II: Co-operative	III: Congruent	IV: Guiding	
Opening	13.9%	44.4%	19.4%	22.2%	100%
Concluding	22.2%	38.9%	13.9%	25.0%	100%
Difference	8.3%	5.6%	5.6%	2.8%	

Source: Appendix

Table 4.6: Opening and concluding styles of decision-making of trade unions and employers' organisations 1965 – 2000

	Style of decision-making			Total
	A: Confrontation	B: Bargaining	C: Problem solving	
Opening	41.7%	50.0%	8.3%	100%
Concluding	27.8%	58.3%	13.9%	100%
Difference	13.9%	8.3%	5.6%	

Source: Appendix

This is an important observation. It seems to suggest that the more social partners co-operate, the less governments feel compelled to intervene in the process of negotiations on incomes policy. Or, conversely, the more confrontational social partners behave, the more governments feel compelled to intervene in the process of negotiations on incomes policy, be it with neo-corporatist strategies (II+III) or with the non-neo-corporatist guiding strategy (IV). One conclusion must be that co-operation between social partners does not necessarily lead to more neo-corporatist government strategies and, hence, to more neo-corporatism, as some researchers claim (cf. Lehmbruch 1979; Marks 1986; Wolinetz 1989; Kurzer 1991). Another conclusion must be that active government involvement in negotiations on incomes policy is not an indication of less neo-corporatism as these and other researchers state as well (cf. Curtis 1987; Wolinetz 1990; Kurzer 1991). The main conclusion, therefore, must be that government is indeed a crucial partner in neo-corporatist Dutch macroeconomic policy co-ordination (cf. Siaroff 1999; Keman 2000; Hoogenboom and van Vliet 2000; van Waarden 2002; Molina and Rhodes 2002) and this supports my own contention.

After 1982, social partners became slightly more co-operative. This was visible in, firstly, an increased number of opening and concluding problem solving styles of decision-making (C: Battle of the Sexes). Secondly, in a lower number of opening confrontational styles of decision-making (A: Chicken) that was subsequently reduced to an even lower number of concluding confrontational styles of decision-making as well (see Table 4.7 and Figures 4.5, 4.6, 4.9 and 4.10).

This shows that institutional behaviour appears to matter. The three actors involved do interact and this interaction produces (behavioural) change. The change in behaviour tends to go in the direction of less conflict between social partners. This direction in change is noticeable both before 1983 and after 1982. In chapter 6 I will investigate whether less conflict between social partners made it easier for them to find both an 'equilibrium' and approach the 'core'.

Table 4.7: Opening and concluding style of decision-making before 1983 and after 1982

Style of decision-making	1965 - 1982		1983 - 2000	
	Opening	Concluding	Opening	Concluding
A: Confrontation	44.4%	33.3%	38.9%	22.2%
B: Bargaining	50.0%	61.1%	50.0%	55.6%
C: Problem solving	5.6%	5.6%	11.1%	22.2%
Total	100%	100%	100%	100%

Source: Appendix

The two opening problem solving styles of decision-making (C or Battle of the Sexes: 11.1%) after 1982 were increased to four concluding problem solving

Figure 4.9: Frequency concluding style of decision-making of trade unions and employers' organisations 1965 – 1982

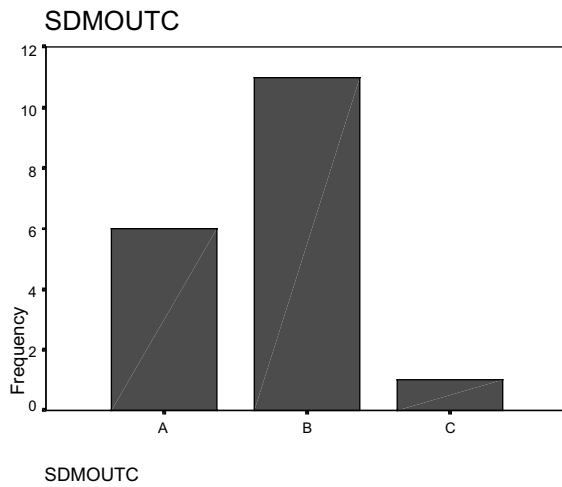
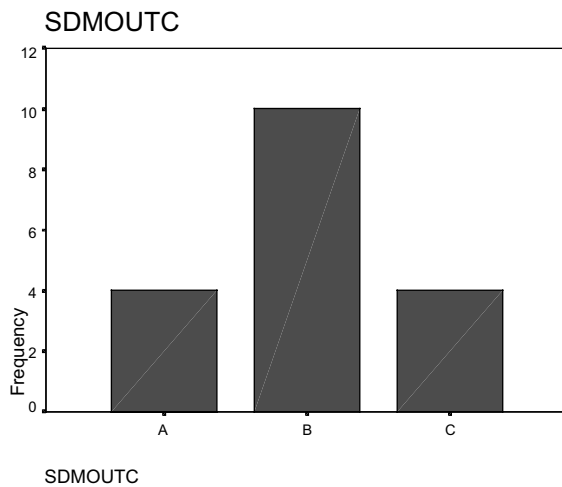


Figure 4.10: Frequency concluding style of decision-making of trade unions and employers' organisations 1983 – 2000



styles of decision-making (C: 22.2%). Before 1983, the one opening problem solving style of decision-making (C: 5.6%) remained the one concluding problem solving style of decision-making as well (C: 5.6%).

After 1982, the number of opening confrontational styles of decision-making (A: Chicken) was slightly lower than before 1983. The seven opening confrontational styles of decision-making (A: 38.9%) after 1982 were reduced to four concluding confrontational styles of decision-making (A: 22.2%). The eight opening confrontational styles of decision-making (A: 44.4%) before 1983 were reduced to six concluding confrontational styles of decision-making (A: 33.3%). Before 1983, the reduction of the concluding confrontational style (A) was completely matched by the increase in the concluding bargaining style of decision-making (B: Prisoners' Dilemma). After 1982, that reduction was largely matched by the increase in the concluding problem solving style of decision-making (C: Battle of the Sexes).

This research finding implies that the argument that the Dutch 'Miracle' is due to the 'Wassenaar Agreement' (1983) between trade unions and employers' organisations and to their adherence to that agreement in the 1980s and 1990s at first sight receives more support by the final, concluding styles of decision-making than by the opening styles (Visser and Hemerijck 1997; Hemerijck and Visser 2000). That the 'Wassenaar Agreement' did not necessarily imply complete consensus at all times between social partners is borne out by both the seven opening and the four concluding confrontational styles of decision-making (A: Chicken) after 1982 (see also Visser and Hemerijck 1997: 103-108).

Less confrontation and more co-operation between social partners after 1982 also supports the argument made in chapter 2 with respect to Dutch researchers that discussed the changes in the Dutch system of industrial relations and centralised bargaining in the 1960s and 1970s. These changes were discussed in terms of a development from consensus or harmony in the 1950s to conflict and polarisation in the 1960s and 1970s (see for instance Akkermans and Grootings 1979; Nobelen 1983; Arendsen and Geul 1983; Albeda and ten Hove 1986). Although they were right with regard to the opening styles of decision-making, even in the 1980s and 1990s, they were wrong with respect to the concluding styles of decision-making, especially after 1982. In my view, they missed the point by labelling this development as diminishing or disappearing neo-corporatism: no consensus, no neo-corporatism. The issue, of course, is whether it was possible to reduce that confrontation and create that consensus by a neo-corporatist government strategy in the 1980s and 1990s. Both the research by Visser and Hemerijck and this research show that that was indeed possible, although that did not rule out all confrontations between social partners. Yet unlike Visser and Hemerijck (1997), I claim that instead of the policy learning capacity of trade unions it was mainly government intervention in incomes policy that re-

duced confrontation and produced more co-operation between social partners in the market sector.

The linkage between market sector and (semi-) public sector induced the government to repeated intervention in incomes policy in the early 1980s to achieve (wage) moderation. Wage moderation in the market sector was necessary to control government expenditure in the (semi-) public sector. Both trade unions and employers' organisations wanted to get rid of government intervention in the market sector. Under pressure of steeply rising mass-unemployment and the threat of the new Lubbers I government (1982) of yet another binding intervention, trade unions reluctantly agreed to the offer of the employers' organisations to exchange the price indexation for a reduction in working hours: the 'Wassenaar Agreement'. The agreement in the market sector gave the Lubbers I government the opportunity to put all linking mechanism between market sector and (semi-) public sector on hold (1983) and then to cut wages, benefits and pensions (1984) against heavy opposition of the trade unions. Less confrontation and more co-operation between trade unions and employers' organisations in the market sector did not imply the same for the relations between trade unions and the government in the (semi-) public sector (see also Hemerijck 2003: 53 ff.).

Government strategy, unlike styles of decision-making, became less neo-corporatist when we compare opening government strategies with concluding government strategies. But concluding non-neo-corporatist government strategies are especially prominent between 1965 and 1982. All nine concluding guiding government strategies (IV: 50%) and three of the eight concluding passive government strategies (I: 16.7%) occur in this period. Together, these 12 cases account for 66.7% of the concluding non-neo-corporatist government strategies. In contrast, between 1965 and 1982, the opening government strategy was non-neo-corporatist (I+IV) in only seven years (38.9%). The five concluding non-neo-corporatist government strategies after 1982 are all of the passive variety (I: 27.8%).

With respect to neo-corporatist government strategies (II+III), the situation is reversed. Both before 1983 and after 1982, the opening government strategy was neo-corporatist in a majority of the cases. However, before 1983 the 11 (61.1%) opening neo-corporatist government strategies were reduced to six (33.3%) concluding neo-corporatist strategies. The 12 (66.7%) opening neo-corporatist government strategies after 1982 were increased to 13 (72.2%) concluding neo-corporatist government strategies (see Table 4.8 and Figures 4.11 and 4.12). This demonstrates that change indeed occurred and that there is a marked difference in outcomes before 1983 and after 1982 with respect to concluding government strategies. These findings support both researchers in the late 1980s and early 1990s that relate a guiding (IV) role of the government in incomes policy in the 1960s and 1970s to less neo-corporatism (see for instance Curtis 1987; Wolinetz 1990; Kurzer 1991), as well as researchers in the late 1990s that stress the importance

Table 4.8: Opening and concluding government strategy before 1983 and after 1982

	1965 - 1982		1983 - 2000	
Government strategy	Opening	Concluding	Opening	Concluding
I: Passive	11.1%	16.7%	16.7%	27.8%
II: Co-operative	50.0%	27.8%	38.9%	50.0%
III: Congruent	11.1%	5.6%	27.8%	22.2%
IV: Guiding	27.8%	50.0%	16.7%	0.0%
Total	100%	100%	100%	100%

Source: Appendix

of the government as a crucial partner in Dutch neo-corporatism (II+III: Teulings and Hartog 1998; Keman 1999; Siaroff 1999; Hoogenboom and van Vliet 2000; Molina and Rhodes 2002). My research suggests that it is indeed the (sequence of the) government's strategy of intervention that determines neo-corporatism, and that that (sequence of) government strategy may vary over time between neo-corporatist and non-neo-corporatist strategies.

This is especially highlighted by the non-neo-corporatist government strategies from 1980 tot 1986 and the neo-corporatist government strategies from 1987 to 2000. From 1980 - 1982, governments tried to control growing government expenditure and budget deficit by implementing binding incomes policies aimed at moderation in the market sector. The government's strategy was guiding (IV). As incomes in the (semi-) public sector were directly linked to incomes in the market sector, the only way to control government expenditure and the budget deficit was to ensure a moderate incomes policy in the market sector. However, this policy was only marginally successful due to the rapid increase in government expenditure for unemployment and other social security benefits.

The new Lubbers I government threatened to continue this policy in 1983 if trade unions and employers' organisations did not voluntary come to a (bipartite) agreement on moderation in the market sector. The result was that social partners concluded the 'Wassenaar Agreement'. Although the agreement was not sufficient to reduce government expenditure and the budget deficit, it did make it possible for the government to put all linking mechanisms between the market sector first on hold (1983) and next to cut incomes, benefits and pensions in the (semi-) public sector (1984). The confrontation between trade unions and the government on this austerity policy in the (semi-) public sector could not spill over to the market sector. From 1983 to 1986, the government basically left incomes policy in the market sector to trade unions and employers' organisations and concentrated its efforts on a reduction of government expenditure and the budget deficit by reducing the (semi-) public sector. Based on the 'Wassenaar Agreement', the exchange in the market sector was continued in these years. The government's strategy was passive (I).

Figure 4.11: Frequency concluding government strategy 1965 – 1982

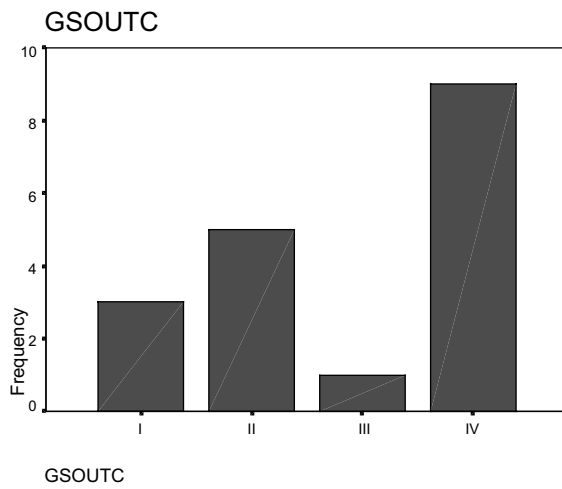
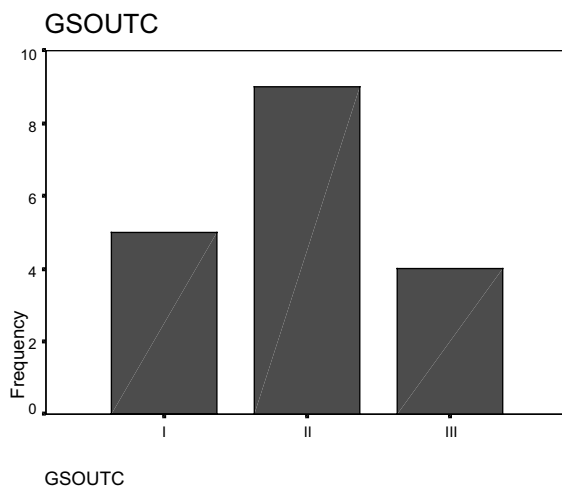


Figure 4.12: Frequency concluding government strategy 1983 – 2000



Conversely, after 1987 the offer for a partial and ad-hoc linkage between the market sector and the (semi-) public sector could be used again by the government in the process of negotiations on incomes policy. The government's neo-corporatist strategy was either co-operative (II) or congruent (III).

To sum up, this comparison of the opening and concluding government strategies and styles of decision-making during the annual process of negotiations on incomes policy shows yet again that the conceptualisation and subsequent operationalisation of government strategies and styles of decision-making of trade unions and employers' organisations that is used in this research can adequately detect changes and variations in neo-corporatism over time. The research shows that negotiations on incomes policy between the government, trade unions and employers' organisations did result in less confrontation and more co-operation between social partners. At the same time, more co-operation between social partners at the end of the process of negotiations on incomes policy did go together with less concluding neo-corporatist government strategies.

This shows that indeed the existence of an institutionalised process of centralised bargaining between government, trade unions and employers' organisations is no sufficient condition for neo-corporatism (as for instance Schmitter 1979; Czada 1983; Smith 1988; Wilson 1990; and Western 1991 assumed). On the contrary, the research shows that concluding government strategies were less often neo-corporatist than opening government strategies, especially before 1983. The conceptualisation and subsequent operationalisation of government strategies and styles of decision-making that is used in this research shows that the government is indeed a crucial partner in incomes policy formation (Hartog 1999; Keman 1999; Hoogenboom and van Vliet 2000; van Sinderen 2000; Gelauff 2000; van Waarden 2002; Molina and Rhodes 2002). The research also shows that the government's strategy varies over time. Formal 'neo-corporatist' institutions for centralised bargaining on incomes policy do not necessarily always produce neo-corporatist government strategies. They do so if and when governments feel that neo-corporatist strategies facilitate the achievement of their goals with respect to incomes policy. In other words, in Dutch neo-corporatism, government is the prime mover (see also Hoogenboom and van Vliet 2000 and chapters 2, 5, and 6).

On the other hand, centralised bargaining on incomes policy in the Netherlands did bring social partners to more co-operation in the end. Between 1965 and 2000 confrontation (A) decreased from 15 (41.7%) to 10 years (27.8%), and problem solving (C) increased from three (8.3%) to five years (13.9%). This trend is especially noticeable after 1982 when confrontation (A) decreased from seven (38.9%) to four years (22.2%) and problem solving (C) increased from two (11.1%) to four years (22.2%). In other words, centralised bargaining reduced the occurrence of Chicken (A) and increased the occurrence of Battle of the Sexes (C).

Centralised bargaining did, however, not prevent all confrontation. Complete consensus was not achieved. But in a sense, societal conflict indeed appeared to be the basis for consensus building by co-operation and compromise in at least a number of years (Keman 1992; Molina and Rhodes 2002).

Putting neo-corporatism on a par with consensus in the institutions, defined as the absence of open conflict (see for instance Akkermans and Grootings 1979; Armingeon 1983; Akkermans and Nobelen 1983; Albeda and ten Hove 1986; Cox 1989), does not allow for any variation in neo-corporatism over time or in intensity.

My conceptualisation and subsequent operationalisation of government strategies and styles of decision-making that is used in this research do allow for this conclusion and, therefore, is an adequate descriptive and analytical tool for research. As a research tool, it not only can detect the change of behaviour of actors within the framework but also that the change is toward consensus, especially after 1982, and that this change appears to correlate with the process of negotiations on incomes policy. And that is what I have conceptualised with neo-corporatism as a strategy (see chapters 2 and 3).

The Appendix shows that the concluding passive government strategy (I) is apparently the style for a period of transformation. The concluding guiding government strategy (IV) occurs before 1983 and is typically used to settle a deadlock between social partners with a binding intervention. With one exception in 1965, the concluding neo-corporatist congruent government strategy (III) occurs after 1982. Finally, the concluding co-operative government strategy (II) appears to be the most typical for Dutch neo-corporatism: indirect government intervention in order to facilitate trade unions and employers' organisations to hammer out an agreement. However, that does not always work. Social partners may end up in confrontation (A: Chicken) or a deadlock (B: Prisoners' Dilemma) making an agreement either unfeasible (A: Chicken) or not always possible (B: Prisoners' Dilemma).

4.4 The process of negotiations on incomes policy: sequence of government strategies and styles of decision-making

From the comparison between opening and concluding government strategies and styles of decision-making it has become clear that during the annual process of negotiations on the formation and implementation on incomes policy both government and trade unions and employers' organisations are able to change their strategy or style of decision-making. Table 4.9 shows the sequence of government strategies and styles of decision-making during the annual negotiations on incomes policy for the whole period between 1965 and 2000 from opening strategy and style to the concluding strategy and style. The starting point of the analysis is the concluding government strategy and style of decision-making of trade unions and employers' organisations.

Table 4.9: Sequence of government strategy and style of decision-making of trade unions and employers' organisations 1965 – 2000

Year	Opening strategy and style of decision-making	Changes in strategy and style of decision-making	Concluding strategy and style of decision-making
1965	IIIA		IIIB
1966	IB	IIIB	IVB
1967	IVB		IVB
1968	IVB	IB - IVB	IB
1969	IVA	IA	IVA
1970	IIC		IVC
1971	IVB	IIB - IVA	IA
1972	IIB		IA
1973	IIB		IIA
1974	IIA	IIB - IIA – IVB - IIB	IVB
1975	IIB		IIB
1976	IIA	IVA - IIB	IVB
1977	IIB	IIA	IIB
1978	IIA		IIB
1979	IVA	IIA - IVA	IIA
1980	IIB	IIIB – IVB - IIB	IVB
1981	IIIA		IVA
1982	IB	IIB	IVB
1983	IIIA	IVB – IC - IVB	IC
1984	IC		IC
1985	IVB	IIIB – IA - IVA	IB
1986	IA		IA
1987	IIB		IIIB
1988	IIA	IIC	IIA
1989	IIB		IIB
1990	IIIC	IIIA	IIIB
1991	IVA	IIIC - IVB	IIB
1992	IA		IA
1993	IIIB	IVB	IIIB
1994	IVA		IIC
1995	IIA	IIB	IIA
1996	IIB	IIC	IIB
1997	IIB	IIC	IIB
1998	IIB	IIC	IIB
1999	IIIB		IIIC
2000	IIB		IIB

Source: Appendix

First I will discuss the observed changes in government strategy, than the observed changes in styles of decision-making.

Above I have shown that between 1965 and 2000 the concluding government strategy was more often non-neo-corporatist than the opening government strategy. That was mainly an effect of the large increase in non-neo-corporatist concluding government strategies before 1983. After 1982, both opening and concluding government strategies were neo-corporatist in a large majority of the cases (see Table 4.8).

Table 4.9 shows that the observed sequence of strategies in the non-neo-corporatist outcomes I (passive) and IV (guiding) differs considerably from the sequence of strategies in the neo-corporatist outcomes II (co-operative) and III (congruent). Non-neo-corporatist outcomes usually represented the end of a process of negotiations on incomes policy in which the government quite frequently changed its strategy. Neo-corporatist outcomes, on the other hand, appear to represent the end of a process in which there was much less incentive for the government to change its strategy.

The sequences of strategies that end with the *non-neo-corporatist strategy I (passive)* show a frequent use of the non-neo-corporatist strategy IV (guiding - 6) as well, and less so of the neo-corporatist strategies II (co-operative - 2) and III (congruent - 2). Apart from doing nothing, in these cases the government apparently preferred to use a combination of stick and carrot to get trade unions and employers' organisations to conclude an agreement. However, in the end the government decided to refrain from any further involvement in incomes policy. Incomes policy was left to social partners. Three of the eight concluding passive government strategies occurred before 1983; five after 1982 (see Table 4.8).

Before 1983 the concluding passive government strategy (I) outcomes occurred in 1968, 1971 and 1972. In those years, governments went back and forth between various strategies. In the end they opted for the passive strategy in order not to alienate trade unions any further and to give the new system of free negotiations on incomes policy a fair chance.

After 1982, the concluding passive government strategy (I) occurred in the years 1983 - 1987 and in 1992. Between 1983 and 1987, in the aftermath of the 'Wassenaar Agreement' and the delinkage of the market sector and the (semi-) public sector, the government was focused on the (semi-) public sector. Incomes policy in the market sector was left to social partners, as it did not longer affect the (semi-) public sector directly. In 1992, there were no central negotiations on incomes policy. All parties went their separate ways. Trade unions clashed with the government on its policy with regard to the levels of disability and sickness benefits. In decentral negotiations with employers' organisations, trade unions managed to repair the government's policy with respect to the levels of sickness and disability benefits.

The sequences of strategies that end with the *guiding strategy (IV)*, on the other hand, show a frequent use of both neo-corporatist strategies II (co-operative - 6) and III (congruent - 3), and less so of the other non-neo-corporatist strategy I (passive - 3). Apparently, in these cases the government felt that wielding the stick only might be insufficient to get trade unions and employers' organisations to conclude an agreement, but that doing nothing was out of the question, and that therefore a combination of stick and carrot was needed as well. However, in the end the government decided that it could not do without the stick and that incomes policy had to be imposed on social partners. All nine concluding guiding government strategies occurred before 1983 (see Table 4.8).

In the late 1960s, after the demise of the centrally, government guided incomes policy, the search was on for a new system and procedure of central negotiations on incomes policy. The aim was to find a system that left negotiations between trade unions and employers' organisations free from government intervention, but at the same time produced a moderate incomes policy. When social partners failed to reach agreement the habitual reaction of governments of all persuasion was to take over again the determination of incomes policy as they were used and authorised to do from 1945 until 1965. This authority was also retained in the new Law on Wage Formation of 1968/70.

Incomes policy of the Van Agt I government from 1980 to 1982 was aimed at a reduction of the rapidly increasing budget deficit. To that effect, incomes policy in the market sector had to result in moderation. Because of all the linking mechanisms between the market sector and the (semi-) public sector, a moderate incomes policy in the market sector made it more feasible to achieve moderation in the (semi-) public sector as well. This in turn would contribute to a reduction of (the rate of increase of) the deficit. However, trade unions and employers' organisations were not able to reach any central agreement, although they came quite close in 1980. The main obstacle was their widely differing views on how to tackle the economic problems that resulted in ever growing budget deficits. Neither party was prepared to give an inch on the issue of incomes, despite efforts by the government. Consequently, government largely took over responsibility for incomes policy in these years.

The sequence of strategies that end in the *neo-corporatist strategies II (co-operative) and III (congruent)* is much less varied than that in the non-neo-corporatist categories. In category II, the government stuck to its original neo-corporatist strategy in 11 out of 14 cases, and in category III in four out of five cases. In category II, the government reverted to the non-neo-corporatist strategy IV (guiding) four times and to the other neo-corporatist strategy III (congruent) once. In category III, the government only once changed its strategy, to the non-neo-corporatist strategy IV (guiding). In both categories, the government did not employ the other non-neo-corporatist strategy I (passive). Although the govern-

ment to a large extent preferred to use the carrot above the stick in these cases, if there was a change in government strategy, it was a change towards the stick. However, in the end the government decided not to use the stick after all, but to return to its neo-corporatist strategy.

This is interesting, since others argue that any active government involvement in the process of negotiations on incomes policy should be taken as an indication of declining neo-corporatism. The conceptualisation and subsequent operationalisation of government strategies and styles of decision-making used in this research shows that the government is indeed a crucial partner in neo-corporatist Dutch incomes policy formation and implementation. It also shows it can account for changes in government strategy during the annual process of negotiations on incomes policy as well.

With respect to government strategy, there is a striking difference between the periods before 1983 and after 1982. Before 1983, the government started negotiations on incomes policy in a clear majority of the years with a neo-corporatist strategy (II+III: 61.1%). However, the government ended negotiations on incomes policy in a clear majority of the years with a non-neo-corporatist government strategy (I+IV: 66.7%). After 1982, the government started and ended the process of negotiations on incomes policy with a neo-corporatist strategy in an increasing majority of the years (II+III: from 66.7% to 72.2% - see Table 4.8).

Two observations with respect to the sequence of government strategies can be made. Firstly, a more or less frequent alternation between various government strategies was an important feature of the annual process of negotiations on incomes policy. Especially in those cases in which the government finally decided to conclude negotiations with a non-neo-corporatist strategy. Secondly, institutional change affects government strategies during negotiations on incomes policy. Before 1983, the government was much more inclined to end negotiations on incomes policy with a non-neo-corporatist government strategy (I+IV). After 1982, the government was much more inclined to end negotiations on incomes policy with a neo-corporatist government strategy (II+III), due to the delinking of the market sector and the (semi-) public sector (see also Hemerijck 2003: 53 ff.).

These findings also show that the conceptualisation and subsequent operationalisation of government strategies that is used in this research is adequately able to capture the crucial role of the government in incomes policy formation. Again these findings also show that the government's strategy can and does vary. The government's strategy can vary both within the annual process of negotiations on incomes policy, and it can vary over time. Lastly, these findings also show that institutions for centralised bargaining on incomes policy do not necessarily also produce neo-corporatist government strategies in the end. Nor do these institutions produce consistent neo-corporatist government behaviour during the annual process of negotiations on incomes policy.

Clearly, the operationalisation of the four government strategies used in this research is better able to account for the actual behaviour of governments within the institutions of centralised bargaining on incomes policy, than operationalisations that can only differentiate between imposed and voluntary incomes policies, or operationalisations that make no distinction at all with respect to government strategy. Their conclusions with regard to the neo-corporatist character of Dutch incomes policy are, therefore, less adequate than conclusions based on the operationalisation of the four government strategies that is used in this research. Between 1965 and 2000 the concluding *styles of decision-making* were less confrontational and more co-operative than the opening styles of decision-making. That is due to less confrontation (A: Chicken) and more problem solving (C: Battle of the Sexes) after 1982 (see Table 4.7 and Figures 4.9 and 4.10). Outcomes in the bargaining (B: Prisoners' Dilemma) and problem solving (C) styles of decision-making were more often the result of changes in styles of decision-making than outcomes in the confrontational category (A). Table 4.9 shows the details of the changes in styles of decision-making.

The observed sequence of styles of decision-making that ended with the concluding bargaining style (B) occur more often in combination with the confrontational style A (9) than in combination with the problem solving style of decision-making C (5). The observed sequence of styles of decision-making that ended with the concluding problem solving style C occur almost as often in combination with the confrontational style A (3) as with the bargaining style B (2). Clearly, the alternation between the confrontational style (A) and either the bargaining style (B), or the problem solving style (C) between trade unions and employers' organisations, was the dominant feature of the annual process of negotiations on incomes policy between 1965 and 2000. This alternation can be observed 14 times. An alternation between the bargaining (B) and problem solving (C) styles does occur, but was a rarer phenomenon. This alternation can be observed seven times. These findings support the expected alternation between competition (confrontation and bargaining) and co-operation (problem solving) between trade unions and employers' organisations during negotiations on incomes policy that was discussed in chapter 3, section 3.3.2. That expected alternation was based on Scharpf's (1998) definition of the three styles of decision-making that is used in this research. This operationalisation of the three styles of decision-making is clearly better able to account for the actual behaviour of trade unions and employers' organisations within the institutions of centralised bargaining on incomes policy, than operationalisations that put neo-corporatism on a par with consensus between social partners in the institutions (see for instance Akkermans and Grootings; Armingeon 1983; Akkermans and Nobelen 1983; Cox 1989; Kurzer 1991).

The actual behaviour of trade unions and employers' organisations in terms of

their styles of decision-making explains the success of government strategies. Success in terms of less confrontation and more co-operation, and success in terms of (central) agreements on incomes policy and approaching the core. The actual behaviour of trade unions and employers' organisations was in turn influenced by government strategies aimed at transforming the game that social partners played from a often rather short term, (self-) interest driven game (A: confrontation (Chicken) and B: bargaining (Prisoners' Dilemma), to a more long term, institution driven game of less confrontation and more co-operation (from A: confrontation (Chicken) to B: bargaining (Prisoners' Dilemma); and from B: bargaining (Prisoners' Dilemma) to C: problem solving (Battle of the Sexes). That is important information to answer research question 1 (Dutch incomes policy as the outcome of neo-corporatist government strategies) and research question 2 (the effectiveness of Dutch incomes policy in terms of the agendas of the actors involved - see chapter 6).

4.5 Concluding remarks

In chapter 2, sections 2.4 and 2.6, I have put forward that in the concept of neo-corporatism as a strategy, the government plays a crucial part in getting the actors involved in the formation and implementation of incomes policy to conclude an agreement (see also Keman 1999: 261-265; and Molina and Rhodes 2002: 316-318). The government is both actor and mediator in the annual process of negotiations on incomes policy. The extent to which the government is able to bring all parties to an agreement on incomes policy depends both on their respective agendas, and on their strategies (see also chapter 3).

In chapter 3, section 3.3.1, I have operationalised the four possible government strategies: passive (I), co-operative (II), congruent (III), and guiding (IV). The passive and guiding strategies are considered as non-neo-corporatist government strategies (I+IV). The co-operative and congruent strategies are considered as neo-corporatist government strategies (II+III).

The research findings based on this operationalisation show that governments in the Netherlands between 1965 and 2000 were indeed almost always actively involved in the start of the annual process of negotiations on the formation and implementation of incomes policy. That was the case in 31 of the 36 years (86.1%). I have also observed that in a majority of cases the government was actively involved in the outcome of the process of negotiations on incomes policy as well. That was the case in 28 of the 36 years (77.8%).

The research also shows that the opening strategy of governments was neo-corporatist (II+III) in a majority of the years (63.8%). However, when we compare opening government strategies with concluding government strategies, it turns out that government strategy became less neo-corporatist (52.8%). Concluding non-neo-corporatist government strategies (I+IV) were especially

prominent before 1983 (66.7%). Concluding neo-corporatist government strategies (II+III) were especially prominent after 1982 (72.2%). Hence, Dutch incomes policy is basically neo-corporatist; however, as a process neo-corporatism is dynamic and patterned over time. Essentially, neo-corporatism depends on the external circumstances that determine the room to manoeuvre of the government (see also chapter 5). In the 1960s, these were the transition from a government directed incomes policy to a formally free incomes policy. In the 1970s and early 1980s these were the linkage between the market sector and the (semi-) public sector that seriously exacerbated the macroeconomic effects of the two oil shocks of 1973 and 1979/80. Finally, these were first the delinkage of both sectors in the 1980s and secondly the ad-hoc relinkage of both sectors in the context of a strict budgetary discipline (EMU: Maastricht Treaty 1991) as part of the annual process of negotiations on incomes policy in the 1990s. The 'Wassenaar Agreement' in itself can not be considered as a 'watershed' with respect to government strategy: government strategy was non-neo-corporatist from 1980 - 1986. From 1980 - 1982 it was the guiding strategy (IV), and from 1983 - 1986 it was the passive strategy (I).

The operationalisation of government strategies that is used in this research is also adequately able to capture the alternation of government strategies during the annual negotiations on incomes policy. An alternation between stick and carrot was especially prominent in the 17 years that the government decided to end its involvement in negotiations on incomes policy with a non-neo-corporatist strategy (I+IV: 47.2%). In the 19 years that the government ended its involvement in negotiations on incomes policy with a neo-corporatist strategy (II+III: 52.8%), there was minimal alternation in government strategies. The majority of the concluding neo-corporatist government strategies occurred from 1987. In these years, social partners were indeed quite often able to come to an agreement (see chapter 6).

In chapter 3, section 3.3.2, I have operationalised the three styles of decision-making: confrontation (A: Chicken), bargaining (B: Prisoners' Dilemma), and problem solving (C: Battle of the Sexes) based on Scharpf (1998). The research findings based on this operationalisation show that the opening style of decision-making was confrontational (A) in 15 years (41.7%), bargaining (B) in 18 years (50.0%), and problem solving (C) in three years (8.3%). However, social partners were less confrontational and more co-operative in their concluding style of decision-making, both before 1983 and more in particular after 1982. This means that neo-corporatism matters with respect to the behaviour of social partners. However, less confrontation and more co-operation did not lead to a significant increase in the concluding problem-solving style. The main concluding style of decision-making remained the bargaining style (B), also after 1982. That social partners were able to come to an agreement, especially after

1987 was not due to an increase in the ‘Battle of the Sexes’ problem solving style of decision-making (C) (Scharpf 1998 - see also chapter 3, section 3.3.3 and chapters 5 and 6).

The operationalisation of the three styles of decision-making that is used in this research is also adequately able to capture the alternation of styles of decision-making during the annual negotiations of incomes policy in the whole period between 1965 and 2000. The alternation between the confrontational style (A: Chicken) and the bargaining style (B: Prisoners’ Dilemma) was the dominant feature of the annual process of negotiations on incomes policy between trade unions and employers’ organisations. However, as concluding styles of decision-making were less confrontational and more co-operative than opening styles of decision-making, these annual alternations were apparently necessary to test each other’s strengths and legitimise any agreements reached (see also chapter 5 and chapter 6).

Finally, the operationalisation of government strategies and styles of decision-making of trade unions and employers’ organisations combined (see Table 3.4 in chapter 3) has shown to be able to account for all possible stages in the annual process of negotiations on incomes policy between 1965 and 2000, and for all outcomes as well (see Appendix and above). The results show that institutions matter. The three actors involved interact. This interaction produces behavioural change that is reflected in the outcomes (concluding strategies and styles of decision-making):

- less concluding than opening neo-corporatist strategies before 1983;
- more concluding than opening neo-corporatist strategies after 1982;
- less confrontation between social partners, both before 1983, and more prominently after 1982.

The research findings discussed above provide the answer to research question 1:

Can neo-corporatism, defined as a government strategy for conflict regulation, offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000?

The answer to research question 1 is affirmative. Yes, neo-corporatism, defined as a government strategy for conflict regulation, can offer a plausible explanation for the formation and implementation of Dutch incomes policy in a majority of the 36 years between 1965 and 2000. However, neo-corporatism varies considerably over time. It has been much more prominent after 1982 than before 1983. Before 1983, the government was more inclined to wield the stick; after 1982 the carrot was preferred. Neo-corporatism also matters as it produces less conflict and more agreement between social partners.

Therefore, neo-corporatism matters with respect to the formation and implementation of Dutch incomes policy. Dutch neo-corporatism with regard to incomes policy is typically a combination of the co-operative government strategy (II)

and the bargaining style of decision-making (B). Dutch neo-corporatism has changed its mode of operation. Before 1983, the government much less often concluded its involvement in the formation and implementation of incomes policy with a neo-corporatist strategy than after 1982. This implies that although government plays a crucial part in Dutch neo-corporatism, the direction of its involvement apparently depends on external circumstances (see chapter 5). Lastly, social partners hardly ever play 'Battle of the Sexes' (Scharpf 1998), that is, use the problem solving style (C).

The slight change in that direction after 1982 does not constitute a new Dutch 'Polder Model' of neo-corporatism. This research finding supports the views of the Dutch students of neo-corporatism reviewed in chapter 2, section 2.3, that do not consider Dutch neo-corporatism in the 1990s to constitute a new model (see for instance Teulings 1995, 1996, 1997; van Empel 1997; Visser and Hemerijck 1997; Teulings and Hartog 1998; Hazeu 1998; Hartog 1999; and van Waarden 2002).

The combinations, and the changes in the combinations of government strategies and styles of decision-making of trade unions and employers' organisations observed over the period suggest that the government and social partners displayed both 'rational' and variable behaviour. Their behaviour was rational as it led to less confrontation. Their behaviour was also variable as it did not necessarily led to more neo-corporatist government strategies (or to more effective neo-corporatist government strategies - see chapter 6), or to more co-operation between social partners. Social partners hardly played Battle of the Sexes (C: problem solving), although that is, according to Scharpf (1998), the 'best' game to reach agreement and approach the core. Apparently, in the Netherlands that game was less suited to arrive at agreement and approach the core than more or less 'tough' negotiations based on the bargaining style (B: Prisoners' Dilemma - see also chapter 6).

In chapter 5, I will discuss in more substantive detail government strategy and style of decision-making of trade unions and employers' organisations during the annual process of negotiations on incomes policy. That will substantiate and elaborate the affirmative answer to research question 1 given in this chapter.

5. Neo-corporatism as a government strategy in the Netherlands 1965 - 2000

In this chapter I shall elaborate the main research findings that were discussed in chapter 4. This elaboration will substantiate the affirmative answer to research question 1:

Can neo-corporatism, defined as a government strategy for conflict regulation, offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000?

The main point that will be elaborated in this chapter is the almost equal distribution of *concluding* neo-corporatist and non-neo-corporatist government strategies compared to the almost 2:1 distribution of *opening* neo-corporatist and non-neo-corporatist government strategies (see chapter 4 and Appendix). For that elaboration, I will utilise the Rational Institutional strategy approach developed in chapters 2 and 3.

In this case and following my conceptualisation this approach assumes firstly, that government is the leading actor in negotiations on incomes policy and guarantor of the outcome of the negotiations. Secondly, that although the actors are autonomous (they have the option to co-operate with each other or not), their mutual instrumentalisation is quite high (actors depend on each other's willingness to co-operate to reach their own goals). Thirdly, that the room to manoeuvre for all actors is limited by general economic conditions, and by the government's budget (social partners) or the outcome of negotiations on incomes policy between social partners (government).

Government strategy and style of decision-making will be discussed in shorter and more coherent sub-periods. These sub-periods are based on a combination of political and institutional developments, combined with external, global economic shocks and watersheds, which provide the context in terms of economic conditions, political developments and institutional changes in which the government and social partners have to operate and that influences their behaviour.

The main institutional development in politics can be characterised by the de-

velopment from a pillarised accommodation democracy to a 'normal' consensus democracy between the mid 1960s and the early 1970s. Pillarisation declined rapidly, but most of the 'rules of the game' remained intact (Lijphart 1989; Andeweg and Irwin 1993, 2002; Mair 1994; see also chapter 2, section 2.6; chapter 3, section 3.2.2.1).

Political developments concern the nature of the coalition governments in terms of the political complexion of government and parliament (Woldendorp et al 2000; see also Daalder 1995; Andeweg and Irwin 1993, 2002; chapter 3, section 3.2.2.1; chapter 7; and Tables 3.1, 3.2, and 7.1). The main development is a transition from christian democratic dominance in government (and parliament) between 1965 and 1994 - with a brief exception in the mid 1970s (the government Den Uyl) - to a social democratic - liberal government coalition between 1994 and 2000 (see Tables 3.1 and 3.2).

External, global economic shocks and watersheds are derived from Goldthorpe (1984), Scharpf (1991), Keman (1993), Castles (1998), and Kitschelt et al (1999). These include the oil crises of 1973, 1979/80, and 1992; the world recessions of 1981 - 1983 and 1992 - 1994; and the preparations for the European Monetary Union (EMU) in 1999 that started in 1991 (Maastricht Treaty).

Finally, institutional developments with regard to incomes policy include:

- the transition from a government directed, guided incomes policy to an incomes policy based on 'free' negotiations between trade unions and employers' organisations in the late 1960s;
- the linkage of incomes in the market sector and the (semi-) public sector in the 1970s;
- the delinkage of incomes in both sectors in the 1980s;
- and the ad hoc and partial relinkage of these sectors as a negotiable issue during the annual negotiations on incomes policy in the 1990s (see also chapter 3, section 3.2; chapter 4; and Appendix).

The combination of political and institutional developments and external shocks and watersheds amounts to a division of the period 1965 to 2000 in four sub-periods of roughly equal length: 1965 - 1973; 1974 - 1982; 1983 - 1992; and 1993 - 2000.

In each period, the opening government strategies and styles of decision-making of trade unions and employers' organisations in the annual process of negotiations on incomes policy will be compared to the concluding government strategies and styles of decision-making. The Appendix, as well as chapter 4, provide the necessary information for the choice of (changes in) strategy by the government, as well as for (changes in) the style of decision-making.

In my view, this division in periods will be helpful to understand the patterned variation of neo-corporatist government strategies in the Netherlands as a crucial case of neo-corporatism in Europe. It will show how context, in terms of eco-

conomic conditions, political developments and institutional changes, shapes the room to manoeuvre for both government and social partners. This periodisation will also show how variations in the room to manoeuvre lead to a patterned variation of neo-corporatist government strategies (see chapter 3, section 3.3 and Table 3.4). Essentially, the strategy approach enables me to capture change and variation in government strategy over time. Depending on the room to manoeuvre, government may change from a neo-corporatist to a non-neo-corporatist strategy, or vice versa. The strategy approach also enables me to analyse more or less successful outcomes in terms of agreements between the actors involved by means of Rational Institutionalism.

This is a refinement overlooked by many international and Dutch researchers of neo-corporatism who were primarily interested in classifying the country on static scales of neo-corporatism (see chapter 2, sections 2.2 and 2.3). But not by all, for instance, Compston (1994, 1995), Visser and Hemerijck (1997), Siaroff (1999), Pennings and Vergunst (2001), Kenworthy (2001), Molina and Rhodes (2002), Traxler (2004), and Vergunst (2004) have all shown that indeed neo-corporatism may change and vary over time. These researchers have also shown that neo-corporatism can also be more or less successful in terms of agreements.

Hence, my idea is that economic conditions, political developments and institutional changes, shape the room to manoeuvre for both government and social partners and influence the strategies and styles of decision-making employed. Therefore, based on my instrument of analysis, I can show variations in neo-corporatism across time in the Netherlands. This in turn indicates how and why neo-corporatism may work in general.

5.1 1965 - 1973: *economic prosperity and increasing confrontation*

Political developments in this period of nine years included the fragmentation of the established, pillarised party system and the emergence of a parliamentary stalemate at the end of the period. The election results of the confessional parties KVP, ARP, and CHU declined steadily from a combined 49.2% of the votes in 1963 to 31.3% in 1972. At the same time, new political parties emerged that did not belong to one of the established pillars, and whose expressed aim it was to undermine the system of pillarisation. These parties included D66, the PPR³⁴, DS70³⁵ and the Boerenpartij (Farmers Party).

The PvdA started its 'polarisation' strategy against the KVP and the VVD (see Andeweg and Irwin 2002: 40-42), believing that the decline of the confessional

34. Politieke Partij Radicalen (1968 - 1990) - Political Party Radicals (left-wing breakaway faction of the KVP).

35. Democratisch Socialisten 70 (1970 - 1983) - Democratic Socialists 70 (a right-wing breakaway faction of the PvdA).

Table 5.1: Sequence of government strategy and style of decision-making of trade unions and employers' organisations 1965 – 1973

Year	Government strategy and style of decision-making		
	Opening	Sequence	Concluding
1965	IIIA		IIIB
1966	IB	IIIB	IVB
1967	IVB		IVB
1968	IVB	IB - IVB	IB
1969	IVA	IA	IVA
1970	IIC		IVC
1971	IVB	IIB - IVA	IA
1972	IIA		IA
1973	IIB		IIA
Total	9		

Source: Appendix

parties in the end would result in a realignment of the party system that would profit both the PvdA (left) and the VVD (right).

During this whole period, the confessional parties chose to govern with the VVD. But at the end of the period, the confessional parties and the VVD lost their combined majority in parliament. However, the PvdA together with the other centre and left parties could not command a majority either (Andeweg and Irwin 2002: 98; see also Tables 3.1, 3.2 and 7.1 for an overview of government composition and election results between 1965 and 2000).

External shocks and watersheds in this period included the abolishment in 1971 by the USA of the gold standard for the US Dollar (the end of Bretton Woods) and the first oil crisis of 1973. The oil crisis in 1973 hit the Netherlands particularly hard. The country not only had to contend with the increased price of oil in the wake of the Israeli-Arab war in 1973, it was also boycotted by Arab oil producing nations for its perceived pro-Israel stance in the United Nations (Andeweg and Irwin 1993: 224).

Clearly, this period scored quite low on neo-corporatist government strategies during the annual process of negotiations on incomes policy. Neo-corporatist government strategies decreased from four opening strategies to only two concluding government strategies. The period also scored low on co-operation (problem solving or C: Battle of the Sexes) between trade unions and employers' organisations. Competition (confrontation or A: Chicken, and bargaining or B: Prisoners' Dilemma) between social partners prevailed over co-operation, and confrontation increased, despite all government efforts. Lasting Central Agreements proved to be difficult to reach. In the end, government either took over incomes policy, or left it to social partners. Concluding neo-corporatist government strategies were rare and only marginally successful. Nevertheless, social partners

managed to come to a bipartite Central Agreement in 1970 (notwithstanding the turmoil - see below), and to a tripartite Central Agreement with the government in 1965.

5.1.1 *Government strategy*

Government strategy in this period has to be understood within the context of the transition from a centrally guided government incomes policy to a free incomes policy. After the demise of the centrally, government guided incomes policy of the period 1945 - 1965, the search was on for a new system and procedure of central negotiations on incomes policy. The aim was to find a system that left negotiations between trade unions and employers' organisations free from continuous binding government intervention, but at the same time produced a moderate incomes policy. Responsibility for overseeing and, if necessary, enforcing a moderate incomes policy was transferred from the Board of Government Mediators, a government agency, to the STAR, in effect, to trade unions and employers' organisations themselves.

In 1970, the system of 'free' negotiations on incomes policy between trade unions and employers' organisations was formalised in the Law on Wage Formation. However, government reserved the authority to intervene in these negotiations. Based on clause 8, government could still intervene directly in individual collective contracts, as opposed to not declaring them binding. And clause 10 gave government the authority to impose binding general measures. Due to stiff opposition by the trade unions, clause 8 was in effect 'frozen', that is to say, successive governments promised not to make use of this clause (see also chapter 3, section 3.2.3). Trade unions and employers' organisations had some difficulties to adjust to the new situation after the demise of the centrally guided incomes policy. Their continued inability to reach agreement reinforced the habitual tendency of governments of all persuasion to take over again the determination of incomes policy as they were used to do from 1945 until 1965. This was the case in 1966, 1967, 1969, and 1970 when the government concluded its involvement in the negotiations on incomes policy with the non-neo-corporatist guiding strategy (IV).

In 1966 and 1967, trade unions and employers' organisations could not reach agreement amongst themselves. In 1966, the STAR, therefore, favoured government intervention to break the deadlock. In 1967, however, despite their inability to reach agreement, trade unions and employers' organisations both rejected the government's intervention to break the deadlock. In both years, the governments Cals (KVP, ARP, PvdA) and Zijlstra (KVP, ARP) transferred the responsibility for overseeing the implementation of its policies from the STAR back to the Board of Government Mediators again. In 1969, it was the government De Jong (KVP, ARP, CHU, VVD) that made it very clear from the start that it wanted to determine the limits for incomes policy. As the results of decentral negotiations

widely exceeded the government's proclaimed limits, the government repeatedly intervened in collective contracts. 1970 is a special case. In 1970, negotiations on incomes policy were easily concluded with a bipartite Central Agreement between trade unions and employers' organisations, based on the 14th bi-annual report of the SER. The conflict between trade unions and the government on clause 8 of the Law on Wage Formation resulted in trade unions and employers' organisations refusing to participate in further and future co-operation with the government on incomes policy. In retaliation, the government De Jong (KVP, ARP, CHU, VVD) unilaterally intervened in the agreement on price indexation. In 1968, 1971, and 1972, on the other hand, the government concluded its involvement in negotiations on incomes policy with the non-neo-corporatist passive strategy (I). In 1968, the government, with great difficulty, finally succeeded in leaving the formation and implementation of incomes policy to trade unions and employers' organisations.

In 1971, employers' organisations refused to negotiate and asked the outgoing government De Jong (KVP, ARP, CHU, VVD) to intervene. The government intervened with a policy package that included a binding wage measure. Trade unions resented this intervention and redressed its effects after expiration. The incoming government Biesheuvel I (KVP, ARP, CHU, VVD, DS70) wanted to patch-up relations with the trade unions and to give a new procedure for negotiations on incomes policy devised by the SER, a fair chance. Consequently, the previous government's binding policy package was retroactively abolished.

In 1972, the search for a new system of formulating and implementing incomes policy was still on. The SER proposed a new system. In order to give that system a fair change, government refrained from any intervention.

In 1965 and 1973, the government's opening and concluding strategies were neo-corporatist. In 1965 the concluding government strategy was the congruent strategy (III); in 1973 it was the co-operative strategy (II).

In 1965, the government was consistently involved as a third party in the annual process of negotiations on incomes policy. The government tried to broker at least a bipartite, but preferably a tripartite (Central) Agreement between trade unions, employers' organisations and the government. The government Marijnen (KVP, ARP, CHU, VVD) actively intervened in the negotiations and tried to facilitate agreement by offering a choice of various policy packages on incomes policy to trade unions and employers' organisations. When negotiations bogged down in a deadlock, it was the government that resolved the deadlock with a new proposal that was grudgingly accepted by both parties.

In 1973, the government consistently tried to get trade unions and employers' organisations to conclude a bipartite (Central) Agreement by offering social partners facilitating policies or policy packages. Although the outgoing Biesheuvel II (KVP, ARP, CHU, VVD) government's policy had significantly facilitated the

bipartite Central Agreement concluded between trade unions and employers' organisations at the national level, implementation led to conflicts between trade unions and employers on the branch and company levels.

5.1.2 *Style of decision-making*

The style of decision-making of trade unions and employers' organisations has also to be understood within the context of the transition from a centrally, government guided incomes policy to a free incomes policy. Their greater room to manoeuvre at first led to more confrontation (A: Chicken). Confrontation increased from three opening styles of decision-making to four concluding styles of decision-making: 1969, and 1971 - 1973.

The confrontational style of decision-making (A) did not necessarily induce the government to impose its incomes policy on social partners. This was only the case in 1969. In 1971 and 1972 the government finally gave up any attempt to get trade unions and employers' organisations to conclude an agreement and ended negotiations with the non-neo-corporatist passive government strategy (I). In 1973 the government ended its involvement in negotiations on incomes policy with the co-operative neo-corporatist strategy (II). Implementation of the bipartite Central Agreement, however, led to conflicts between social partners on the decentral levels. To sum up, in not a single year in which social partners pursued a confrontational style of decision-making (A: Chicken), did the government succeed in getting trade unions and employers' organisations to come to a (lasting) agreement. This implies that whether or not a government is successful in getting social partners to come to an agreement largely depends on their style of decision-making.

In 1969, negotiations on incomes policy were conducted on the decentral level. Trade unions took a tougher stand than in the previous year. Employers' organisations kept fairly quiet. Trade unions got their way and collective contracts widely exceeded the government's preferred limits. Therefore, the government De Jong (KVP, ARP, CHU, VVD) intervened.

Incomes policy in 1971 was completely determined by the effects of the so-called '400 guilders wave' of the second half of 1970. This 'wave' resulted from a number of originally 'wild-cat strikes' that started in the ports of Rotterdam. These were eventually taken over by the trade unions. The government started with taking a firm stand on wages. The government then retracted its proposed package to give trade unions and employers' organisations a chance to come to an agreement. To facilitate central negotiations, the government 'froze' clause 8 of the Law on Wage Formation. However, central negotiations broke down. Then the government broke the deadlock with its own (binding) policy package. Employers' organisations supported the wage measure in that package. Trade unions announced they would try to redress the government's binding wage measure

after expiration. And in that they succeeded. The new government refrained from intervention.

In 1972, trade unions and employers' organisations came to an agreement in the SER to introduce a new system of formulating and implementing incomes policy. Based on a discussion of an annual report on economic prospects prepared by independent 'crown-members' of the SER, employers' organisations and trade unions will formulate their respective points of view on incomes policy in the STAR. The government should refrain from intervention, as negotiations should be free. The Biesheuvel I (KVP, ARP, CHU, VVD, DS70) government agreed to this plan and retroactively abolished the binding wage measure for 1971 by the previous government. Nevertheless, central negotiations broke down before they had even properly started. Employers' organisations refused to negotiate a Central Agreement. Negotiations continued on the decentral level, accompanied by strikes.

In 1973, the need to combat inflation led the government Biesheuvel II (KVP, ARP, CHU, VVD) to urge trade unions and employers' organisations to conclude a Central Agreement. In return, the government was prepared to implement a comprehensive policy for incomes and prices. Within the SER, trade unions and employers' organisations also recommended in favour of a social contract between the government and 'social partners'.

However, views on how to combat inflation differed fundamentally. Trade unions demanded an expansion of the (semi-) public sector and a more levelled distribution of incomes from the government. From employers' organisations they demanded a commitment to comprehensive Central Agreements as a policy instrument, support for their demands from government, and facilities for unions on the plant level. Employers' organisations had a quite different programme. They demanded a reduction in the growth of both (semi-) public and private expenditure by reducing wage and price rises. Their paramount goal was to regain competitiveness on the world market. Hence, the preferences of trade unions and employers' organisations were almost mutually exclusive (Chicken).

The outgoing government succeeded in getting the parties to reach a bipartite Central Agreement by making major concessions to both. However, on the branch and company level, the implementation of the agreement led to conflicts.

The bargaining style of decision-making (B: Prisoners' Dilemma) decreased from five opening styles of decision-making to four concluding styles of decision-making in the years 1965-1968. Bargaining, however, did not lead to more agreement between social partners.

In 1965, 1966, and 1967, negotiations on incomes policy bogged down in a deadlock that was resolved by intervention of the government of the day: Marijnen (KVP, ARP, CHU, VVD), Cals, (KVP, ARP, PvdA), and Zijlstra (KVP, ARP). In 1965, the government finally managed to formulate an incomes policy package

on which social partners could agree. In 1966 and 1967 it was the government that broke the deadlock with its binding incomes policy package.

Finally, in 1968, (de)central negotiations resulted in compromises that widely exceeded the government's preferred limits. Intervention by the government De Jong (KVP, ARP, CHU, VVD) was, however, eventually rescinded.

Problem solving (C) between trade unions and employers' organisations remained constant at one year. In 1970, negotiations on incomes policy proceeded smoothly; differences between the parties were minimal. Trade unions, however, were in conflict with the government De Jong (KVP, ARP, CHU, VVD) on the new Law on Wage Formation. That conflict eventually spilled over to incomes policy as well and induced the government to end its involvement in negotiations on incomes policy with binding interventions.

5.1.3 *Conclusion*

In this period, it was the combination of institutional changes in the annual process of negotiation and implementation of incomes policy and the behaviour of the actors involved that determined the outcome of that process. Both in terms of government strategies and styles of decision-making; and in terms of Central Agreements.

Opening government strategies were aimed at bringing social partners to a Central Agreement, either by force (non-neo-corporatist guiding strategy IV) or by persuasion and negotiation (neo-corporatist strategies II and III).

Social partners opted for bargaining (B: Prisoners' Dilemma) over confrontation (A: Chicken) or problem solving (C: Battle of the Sexes) to start the process of negotiations on incomes policy. But due to their different preferences, during the process of negotiations confrontation (A) increased and bargaining (B) frequently led to deadlocks, making Central Agreements not feasible. The few attempts at neo-corporatist strategies by the government were only marginally successful in resolving the deadlocks or reducing the confrontations and producing a Central Agreement (1965 and 1970). There was, apparently, little 'trust' (Mosch 2004) and communication between actors. Each played their own game, instead of trying to come to an agreement and to approach the core.

The government, therefore, in the end was left with two options. Either to take over incomes policy to end the confrontations and deadlocks between social partners with the non-neo-corporatist guiding strategy (IV), or to leave social partners to their own devices with the non-neo-corporatist passive strategy (I). In the first part of the period the government usually opted for the guiding strategy (IV). As of 1970, with the introduction of the new Law on Wage Formation, the government opted for the passive strategy (I) in an effort to give the new system of negotiations on incomes policy a fair chance.

5.2 1974 - 1982: economic deterioration and deadlocks

Political developments in this period of nine years were characterised by coalition governments that went back and forth between centre-left coalitions of CDA³⁶ and PvdA (Den Uyl, van Agt II) and centre-right coalitions of CDA and VVD (van Agt I, Lubbers I). Whenever possible, based on the number of seats in parliament, the CDA opted for a centre-right coalition with the VVD, as the PvdA continued its strategy of ‘polarisation’ against KVP and VVD. Therefore, coalition governments with the PvdA (and other centre or left parties) were only reluctantly concluded when CDA and VVD together could not command a majority in parliament (see also Daudt 1982; chapter 3, section 3.2.2.1; and Tables 3.1, 3.2 and 7.1).

The external shocks and watersheds in this period included the macroeconomic effects of the first oil crisis of 1973, the second oil crisis of 1979/1980 and the subsequent world recession of 1981 - 1983.

Table 5.2: Sequence of government strategy and style of decision-making of trade unions and employers’ organisations 1974 – 1982

	Government strategy and style of decision-making		
Year	Opening	Sequence	Concluding
1974	IIA	IIB – IIA – IVB - IIB	IVB
1975	IIB		IIB
1976	IIA	IVA - IIB	IVB
1977	IIB	IIA	IIB
1978	IIA		IIB
1979	IVA	IIA - IVA	IIA
1980	IIB	IIIB – IVB - IIB	IVB
1981	IIIA		IVA
1982	IB	IIB	IVB
Total	9		

Source: Appendix

This period showed a clear majority of opening neo-corporatist government strategies at the start of the annual process of negotiations on incomes policy. However, finally, at the end of negotiations on incomes policy, concluding government strategies were non-neo-corporatist in a majority of the years. Competition (confrontation and bargaining) between social partners prevailed, both at the start and at the end of the annual process of negotiations on incomes policy. Although

36. From 1975, the confessional parties KVP, ARP, and CHU contested elections with one party list, CDA. In 1980, the separate party organisations merged as well (see chapter 3, section 3.2.2.1).

confrontation (A: Chicken) between social partners decreased considerably during negotiations on incomes policy, no co-operation (problem solving (C: Battle of the Sexes)) between them could be identified.

Although confrontation between social partners diminished, the increase in the bargaining style of decision-making (B: Prisoners' Dilemma) did not lead to more Central Agreements on incomes policy. On the contrary, negotiations usually bogged down in deadlocks. In other words, Battle of the Sexes cannot be played by one actor, whereas Chicken or Prisoner's Dilemma both depend on the relative strength of each player.

Government consistently tried to bring social partners to an agreement, either by neo-corporatist or by non-neo-corporatist guiding strategies, but those efforts failed in most years. In the smallest possible majority of the years, the government took over responsibility for incomes policy. In the remaining years, the government stuck to its original neo-corporatist strategy. With great difficulty, only one lasting Central Agreement could be reached (1977).

5.2.1 *Government strategy*

Government strategy in this period has to be understood within the context of the effects of the two oil crises in 1973 and 1979/80 on economic developments in general and on incomes policy in particular (stagflation: low economic growth and high inflation). In this period, incomes in the market sector and in the (semi-) public sector became firmly linked.

In a majority of the years, the government's opening strategy was neo-corporatist. As social partners found it difficult, if not impossible, to reach agreements, the concluding government strategy was the non-neo-corporatist guiding strategy (IV) in a majority of the years: 1974, 1976, and 1980 - 1982. In 1974 and 1976, incomes policy was about the effects of the first oil crisis in 1973. In 1980 - 1982, incomes policy was about the effects of the second oil crisis of 1979/80 and the ensuing global recession of 1981 - 1983. Hence, neo-corporatist strategies did not work.

In 1974, after the rank-and-file of the employers' organisations rejected the provisional bipartite Central Agreement that was brokered by the government, the oil crisis broke out. The government Den Uyl (PvdA, KVP, ARP, D66, PPR)³⁷ reacted with special emergency legislation that gave it extraordinary powers to enforce temporary macroeconomic policies to combat the effects of the oil crisis. Social partners subsequently again failed to reach any agreement. The emergency legislation was then expanded with a binding wage measure that,

37. The Den Uyl government was widely considered to be quite left of centre and therefore its rapport with especially the employers' organisations was quite low (see for instance Becker 1994: 247-267; van den Broek 2002).

as with the earlier package, took into account the agendas of both trade unions and employers' organisations.

In 1976 all attempts by the government Den Uyl to get parties to conclude a Central Agreement failed. Trade unions and employers' organisations were not willing to come to an agreement. This forced the government to take over responsibility for incomes policy.

In the period 1980 - 1982, the economic situation gradually worsened, as an effect of the second oil crisis in 1979/80. Incomes policy from 1980 to 1982 was determined by the Van Agt I (CDA, VVD) government's policy programme Bestek 81 (Direction 81) that provided the framework for (de)central negotiations. The programme aimed at a reduction of the rapidly increasing budget deficit. To that effect, incomes policy in the market sector had to result in moderation. Because of all the linking mechanisms between the market sector and the (semi-) public sector, a moderate incomes policy in the market sector made it more feasible to achieve moderation in the (semi-) public sector as well. This in turn would contribute to a reduction of (the rate of increase of) the deficit.

During the whole period 1980 - 1982, trade unions and employers' organisations were unable to reach any Central Agreement, although they came quite close in 1980. The main obstacle was their widely differing views on how to tackle the economic problems that resulted in ever growing budget deficits. Neither party was prepared to give an inch on the issue of incomes. Consequently, to reach its objective of a reduction of (the rate of increase of) the deficit, government largely took over responsibility for incomes policy in these years.

In 1975, and 1977 - 1979, the government stuck to a neo-corporatist opening and concluding government strategy. These were all of the co-operative variety (II). In 1979, during the process of negotiations on incomes policy, the government also put pressure on trade unions and employers' organisations to get them to conclude an agreement before concluding the negotiations with the co-operative strategy. In these four years, the government consistently tried to get trade unions and employers' organisations to conclude bipartite (Central) Agreements by offering social partners facilitating policies or policy packages. However, only in 1977 did the government, with great difficulty, finally succeeded in getting social partners to conclude a lasting Central Agreement.

In 1975, the government Den Uyl's (PvdA, KVP, ARP, D66, PPR) policy package first served as an attempt to get trade unions and employers' organisations to conclude a Central Agreement. Negotiations, however, bogged down in a deadlock. The subsequently enlarged government's policy package was nevertheless implemented and served as the bottom line for decentral negotiations in which the government did not intervene.

In 1977, the government Den Uyl (PvdA, KVP, ARP, D66, PPR) facilitated central negotiations between trade unions and employers' organisations. How-

ever, central negotiations broke down. Negotiations on the decentral level were marked by conflicts over the automatic price compensation. These conflicts were eventually resolved by a Central Agreement between trade unions and employers' organisations, that was mediated by the government.

In 1978, both the outgoing government Den Uyl (PvdA, KVP, ARP, D66, PPR) and the incoming government Van Agt I (CDA, VVD) tried to facilitate negotiations between trade unions and employers' organisations by offering compensating policies. But social partners agreed that the government's package was not sufficient to conclude a bipartite Central Agreement. Both governments refrained from intervention in (the outcome of) decentral negotiations.

Negotiations on incomes policy in 1979 were largely determined by the Van Agt I (CDA, VVD) government's policy programme Bestek 81 (Direction 81). Due to the steadily worsening economic situation, the government planned to cut (semi-) public sector spending. The aim was to reduce the rapidly growing budget deficit, and to increase profitability of companies in the market sector. At the same time, the government's policy package to facilitate negotiations did include incentives for especially the trade unions to entice them to conclude a Central Agreement. These incentives, however, fell far short of the unions' demands. The subsequently enlarged government's policy package with extra public expenditure equally failed to bring trade unions and employers' organisations to a Central Agreement. The enlarged policy package was the framework in which decentral negotiations took place. Government did not intervene in the outcome of these negotiations.

5.2.2 *Style of decision-making*

Styles of decision-making of trade unions and employers' organisations have to be understood within the context of the two oil crises in 1973 and 1979/80, and the linkage of incomes in the market sector and the (semi-) public sector as well. Their widely differing views on how to tackle the economic problems that resulted from the oil crises and the linkage are reflected in the five years in which the opening style of decision-making was confrontational (A: Chicken). However, the concluding styles of decision-making were confrontational in only two years: 1979 and 1981. In 1979, trade unions refused to conclude a Central Agreement based on the Van Agt I (CDA, VVD) government's policy programme Bestek 81 (Direction 81). In decentral negotiations on incomes policy, trade unions succeeded in getting compensation for price rises, plus a modest wage rise on top of that for about half of the workforce. Nevertheless, the government ended its involvement in negotiations on incomes policy with the co-operative neo-corporatist strategy (II).

In 1981, negotiations broke down. Trade unions rejected the government's offer of a policy package of public expenditure in exchange for a Central Agreement.

In response, employers' organisations refused to negotiate. Consequently, the government Van Agt I (CDA, VVD) imposed its own policy package on trade unions and employers' organisations.

The bargaining style of decision-making (B: Prisoners' Dilemma) increased from four opening styles to seven concluding styles: 1974-1978, 1980, and 1982. This did not, however, lead to more agreements between social partners. In 1974, the rank and file of the employers' organisations rejected the provisional bi-partite Central Agreement (see note 4). The oil crisis induced the government Den Uyl (PvdA, KVP, ARP, D66, PPR) to implement its own policy package. This package was carefully designed, based on the original agendas of trade unions and employers' organisations, and the narrowly failed agreement.

Negotiations on incomes policy between social partners again bogged down in deadlocks and came to a halt in 1975 and 1976. The government Den Uyl (PvdA, KVP, ARP, D66, PPR) resolved these deadlocks. In 1975 and 1976, the government introduced a policy package of extra public expenditure to boost the economy. In 1976 this package included a 'wage freeze' as well.

In 1977, with great difficulty, the government Den Uyl (PvdA, KVP, ARP, D66, PPR) finally succeeded in getting trade unions and employers' organisations to set aside their differences on the automatic price compensation and to conclude a bipartite Central Agreement.

In 1978, neither the outgoing government Den Uyl (PvdA, KVP, ARP, D66, VVD), nor the incoming government Van Agt I (CDA, VVD), succeeded in getting trade unions and employers' organisations to conclude a Central Agreement, despite the offer of compensatory policy packages. The central issue in decentral negotiations on incomes policy was the preservation of jobs, in return for wage moderation.

In 1980 and 1982, negotiations between social partners again bogged down in a deadlock and came to a halt. The deadlocks were eventually broken by the government Van Agt I (CDA, VVD), which imposed its own policy package.

5.2.3 Conclusion

In this period it was a combination of institutional changes in the annual process of negotiation and implementation of incomes policy through the linkage of incomes in the market sector and the (semi-) public sector within the context of a steadily worsening economic performance after two oil crises (stagflation) and the behaviour of the actors involved that determined the outcome of that process. Both in terms of government strategies and styles of decision-making; and in terms of Central Agreements.

Opening government strategies were largely neo-corporatist and were aimed at bringing social partners to a Central Agreement to counter the detrimental macro-economic effects of both oil crises and the linkage of incomes in the market

sector and the (semi-) public sector.

Social partners on the other hand opted for confrontation (A: Chicken) over bargaining (B: Prisoners' Dilemma) at the start of negotiations due to their widely differing views on how to tackle the economic problems that resulted from the oil crises and the linkage of incomes in the market sector and the (semi-) public sector. But during the process of negotiations confrontation decreased considerably while bargaining increased in the same measure. However, due to differing preferences more bargaining led to more deadlocks during negotiations. The government's neo-corporatist strategies were not able to bridge these differing preferences and, therefore, largely failed to resolve these deadlocks, making Central Agreements unfeasible. Given the steadily worsening macroeconomic performance and the linkage of incomes in the market sector and the (semi-) public sector governments were basically left with two options. The first option was to dictate an agreement by following a non-neo-corporatist guiding strategy (IV). Both the government Den Uyl and the government Van Agt I used these guiding government strategies in the years directly following the two oil crises.

The second option was to try and overcome the deadlocks between social partners by inducing them to come to a Central Agreement by using neo-corporatist government strategies. Both governments used neo-corporatist strategies in the years between the two oil crises. But in only one case were these strategies effective in bringing social partners to a Central Agreement (1977).

The potential third option, the non-neo-corporatist passive strategy (I) was no real option in this period given the combined effects of the two oil crises and the linkage on macroeconomic performance and the government's budget.

5.3 1983 - 1992: from economic crisis to tentative recovery and from forced agreements to negotiated agreements

During this period of 10 years, in politics, both centre-left and centre-right coalitions were possible based on the number of seats in parliament for each coalition government. The CDA was the dominant party in parliament and government and determined whether it was to be a centre-right coalition with the VVD (Lubbers I & II), or a centre-left coalition with the PvdA (Lubbers III). As the PvdA had discontinued its 'polarisation' strategy after the failed Van Agt II (CDA, PvdA, D66) government of 1981 - 1982 (see for instance Becker 1994: 283-295), the CDA (re)considered the party as a potential coalition partner, although CDA and VVD together commanded a majority in parliament during this whole period (see also Tables 3.1, 3.2 and 7.1).

External shocks and watersheds in this period included first the end of the world recession of 1981 - 1983 at the start of the period. Second, at the end of the period, the announcement in Maastricht in 1991 of the preparation for a Euro-

Table 5.3: Sequence of government strategy and style of decision-making of trade unions and employers' organisations 1983 - 1992

Year	Government strategy and style of decision-making		
	Opening	Sequence	Concluding
1983	IIIA	IVB – IC - IVB	IC
1984	IC		IC
1985	IVB	IIIB – IA - IVA	IB
1986	IA		IA
1987	IIIB		IIIB
1988	IIA	IIC	IIA
1989	IIB		IIB
1990	IIIC	IIIA	IIIB
1991	IVA	IIIC - IVB	IIB
1992	IA		IA
Total	10		

Source: Appendix

pean Monetary Union (EMU) in 1999. Third, the third oil crisis of 1992 and the subsequent start of the world recession of 1992 - 1994 in the wake of the Gulf War for the liberation of Kuwait from an Iraqi invasion.

In this period neo-corporatist and non-neo-corporatist government strategies were in balance, both at the start as well as at the end of the annual process of negotiations on incomes policy. Concluding non-neo-corporatist government strategies were all of the passive category (I).

Competition (confrontation (A: Chicken) and bargaining (B: prisoners' Dilemma)) between trade unions and employers' organisations still prevailed over co-operation (problem solving (C)). But confrontation (A: Chicken) again decreased during the annual negotiation process while the problem solving style of decision-making (C: Battle of the Sexes) remained at two.

Less confrontation (A: Chicken) between social partners, more bargaining (B: Prisoners' Dilemma) and some problem solving (C: Battle of the Sexes) in this period led to more Central Agreements than in the previous period: five as opposed to one (1983, 1984, 1987, 1990, 1991). Government strategy in the first part of the period was the non-neo-corporatist passive strategy (I). Government could leave incomes policy in the market sector to social partners and concentrate its efforts on reducing the budget deficit for the following reasons. Firstly, the government had forced social partners to come to a Central Agreement on wage moderation in the market sector ('Wassenaar': 1983, 1984). Secondly, the government had subsequently delinked incomes in the market sector from incomes in the (semi-) public sector. Incomes policy in the (semi-) public sector was completely government directed and aimed at reducing (government) expenditure in that sector in order to reduce the budget deficit.

Government strategy with respect to incomes policy in the market sector in the second part of the period was neo-corporatist in an effort to further Central Agreements on (un)employment between social partners (1987, 1990, 1991). Central Agreements in this period remained firmly based on the bargaining style of decision-making (B: Prisoners' Dilemma). These agreements were not an expression of a significant change towards the problem solving style (C: 'Battle of the Sexes' (Scharpf 1998 - see also chapter 3, section 3.3.2 and chapter 4, section 4.5)). Rather they were an expression of the removal of the main source of the widely differing views between trade unions, employers' organisations, and the government that largely determined incomes policy: the linkage between incomes in the market sector and in the (semi-) public sector. In addition, during half the period, the concluding government strategy was non-neo-corporatist as well. Therefore, in the context of severe macroeconomic problems, combined with the delinkage of the market sector and the (semi-) public sector, bargaining between social partners in this period did at least lead to agreements in the market sector, whereas in the previous periods it usually led to deadlocks.

5.3.1 *Government strategy*

Government strategy in this period has to be understood within the context of the delinking of the (semi-) public sector from the market sector between 1983 and 1989, and the government's policy aim of reducing the budget deficit by reducing the (semi-) public sector. The linkage between the market sector and the (semi-) public sector was restored only partially and on an ad hoc basis in the years 1990 - 1992 (see also Hemerijck 2003: 53 ff.).

The government's opening and concluding strategies were non-neo-corporatist in half the period and neo-corporatist in the other half. Concluding non-neo-corporatist government strategies were all of the passive variety (I): 1983 - 1986, and 1992. Concluding neo-corporatist government strategies in the years 1987 - 1991 were of the co-operative variety (II) in 1988, 1989, and 1991, and of the congruent variety (III) in 1987 and 1990.

With respect to the concluding non-neo-corporatist passive strategy (I), it was the effect of the 'Wassenaar'-agreement that determined incomes policy in the market sector in 1983, 1984, 1985, and 1986. The 'Wassenaar'-agreement was struck between trade unions and employers' organisations under strong pressure by the incoming government Lubbers I (CDA, VVD). The agreement effected an exchange between price compensation and working hours. This exchange resulted in wage moderation in the market sector. Through all linking mechanisms this moderation extended to the (semi-) public sector as well. That gave the Lubbers I government some breathing space to develop a new policy package for the (semi-) public sector. First, in 1983, all linking mechanisms between the market sector and the (semi-) public sector were put on hold. Next, in 1984, a cut in

real terms of wages, pensions and benefits was implemented. On the issue of incomes policy, negotiations in the market sector were minimal as most collective contracts struck in 1983, covered 1984 as well. The government, therefore, did not intervene in incomes policy in the market sector.

In 1985, the Lubbers I (CDA, VVD) government continued its programme of cuts in the (semi-) public sector. Some of these cuts affected the market sector as well. Collective contracts were a compromise: government cuts in social security were repaired, but at the cost of the trade unions' demands for a 36-hour working week. Although trade unions managed to redress the effect of the government's policy package, and costs for employers went up, the net result remained wage moderation, which was the government's aim. The little money available in the market sector had to be used to redress the government's austerity measures, instead of for higher wages (see also 1992). And, with all linking mechanisms between market sector and (semi-) public sector put on hold, there was no danger of a 'spill-over'. Consequently, the government did not intervene in incomes policy in the market sector.

In 1986, negotiations on incomes policy were conducted on the decentral level. Trade unions did not succeed in a collective reduction of the working week. Instead, they had to agree to the continuation of other forms of reducing the working week, like early retirement, part time jobs, more holidays, and the like. Wage rises were no real issue, quite a few collective contracts struck in 1985 covered two years instead of one. On the central level, the government succeeded in getting trade unions and employers' organisations to come to an agreement amongst themselves and with the government on the reduction of unemployment. All linking mechanisms between the market sector and the (semi-) public sector were still on hold. Consequently, the government did not need to intervene in incomes policy in the market sector.

Finally, in 1992, all three parties went their separate ways. Central negotiations did not take place. Decentral negotiations resulted in compromises between trade unions and employers' organisations (see also 1985). As the Lubbers III (CDA, PvdA) government's policies with regard to the (semi-) public sector were not in jeopardy - the linkage between the market sector and the (semi-) public sector was only partially restored -, the government did not need to intervene in incomes policy in the market sector. To sum up, in 1984, 1986, and 1992 the government refrained from any involvement in the annual process of negotiations on incomes policy. In 1983 and 1985, the government's concluding passive strategy (I) is preceded by the neo-corporatist congruent strategy (III) and the other non-neo-corporatist guiding strategy (IV).

With respect to the concluding neo-corporatist government strategies (II+III) in the years 1987-1991, except for 1991, the government consistently tried to get trade unions and employers' organisations to conclude bipartite or tripartite (Central)

Agreements by offering social partners facilitating policies or policy packages. In 1991, during the process of negotiations on incomes policy, the government also put pressure on trade unions and employers' organisations to get them to conclude an agreement before concluding the negotiations with a co-operative strategy (II). With some difficulty, the Lubbers II (CDA, VVD) government succeeded in 1987 in getting trade unions and employers' organisations to participate in a tripartite Central Agreement. The agreement was that parties renewed their commitment to previous bipartite and tripartite agreements on employment policies. Decentral negotiations on incomes policy progressed with difficulty. Employers' organisations determined the outcome with respect to working hours, while trade unions succeeded in countering the government's reduction of the level of social security benefits from 80 to 70% of last earnings.

In 1988, trade unions and employers' organisations did not succeed in concluding a Central Agreement. The four bi- and tripartite working parties on employment policies that were installed as a result of the 1986 negotiations continued their work and issued their reports thanks to intervention by the Lubbers II (CDA, VVD) government. These reports served as a basis for decentral negotiations. Decentral collective contracts were largely determined by employers and only marginally featured aspects of employment policies recommended by the working parties. The government, however, refrained from intervention in these contracts.

Despite attempts and offers by the Lubbers II (CDA, VVD) government, central negotiations on employment policies did not result in a Central Agreement in 1989. On the issue of sick leave and disability a tripartite working group was started. Decentral negotiations on incomes policy showed some effect of the recommendations of the previous working parties on employment.

In 1990, tripartite negotiations between trade unions, employers' organisations and the Lubbers III (CDA, PvdA) government resulted in a tripartite Central Agreement, the 'Joint Policy Framework'. The aims were to institute an 'activating' labour market policy, to reinstate the linkage between wages and benefits in the (semi-) public sector and wages in the market sector, and to sustain competitiveness of companies. Decentral negotiations on incomes policy were characterised by strikes and other conflicts and ended in compromises, based on employment policies recommended by earlier working parties.

Finally, in 1991, under pressure from the Lubbers III (CDA, PvdA) government, trade unions and employers' organisations came to an agreement amongst themselves and with the government on sick leave and disability, and on employment for ethnic minorities. Decentral negotiations on incomes policy resulted in a higher wage rise than originally stipulated by the government. In the end the government refrained from intervention, despite earlier threats. The linkage between the market sector and the (semi-) public sector remained in tact.

5.3.2 *Style of decision-making*

Styles of decision-making of trade unions and employers' organisations have also got to be understood within the context of delinking the (semi-) public sector from the market sector between 1983 and 1989, and the government's policy aim of reducing the budget deficit by reducing the (semi-) public sector.

Confrontation (A: Chicken) in the market sector was reduced from five opening to three concluding styles of decision-making in 1986, 1988, and 1992. A confrontational style of decision-making did not necessarily lead the government to impose its incomes policy on social partners. In two years the government finally gave up any attempt to get trade unions and employers' organisations to come to an agreement and concluded negotiations with the non-neo-corporatist passive government strategy (I): 1986 and 1992. In 1988, the government opened and ended its involvement in negotiations on incomes policy with attempts to facilitate negotiations with the co-operative neo-corporatist strategy (II). In none of these cases the government succeeded in getting trade unions and employers' organisations to come to a (lasting) agreement.

Negotiations on incomes policy in the market sector in 1986 took place on the decentral level. The main issue was further wage moderation in exchange for a 36-hour working week. Despite strikes and conflicts, trade unions did not succeed in getting a significant reduction of the working week. In 1992, all parties went their separate ways. Central negotiations did not take place. In decentral negotiations on incomes policy trade unions managed to get their way to a large extent.

In 1988, trade unions and employers' organisations could not come to a Central Agreement due to the large differences between their agendas. Trade unions wanted a reduction of unemployment, equal treatment of workers in the market and the (semi-) public sector, extra money for the lowest incomes, and (massive) government investment in infrastructure and the environment to create jobs. On top of that, the FNV also wanted an increase in real buying power of all employees. The CNV on the other hand, was still prepared to exercise wage moderation.

The Lubbers II (CDA, VVD) government, however, planned to considerably increase budget cuts, which included a continuation of differential treatment of employees in the (semi-) public sector, and no extra government investments for jobs. As a concession to trade unions, the government was prepared to up child and holiday allowances, to give the lowest paid an extra one-off payment, and to lower taxes and social security premiums to prop up buying power.

Employers' organisations agreed to the aim of the government's budget: a continuation of reducing the budget deficit, even at the expense of extra budget cuts, and a continuation of the reduction of wage costs and other costs. They rejected any Central Agreement as that would only serve as a minimum, and thus create

an upward effect on wage costs. For employers, differentiation was the key word. They criticised the government's budget for not going far enough in reducing costs and expenditure. The increase in child and holiday allowances offered by the government, for instance, had to be paid by employers and thus would increase their wage costs.

Central negotiations on incomes policy broke down. Decentral negotiations regarded some 60% of the workforce in the market sector. The outcome was largely determined by the employers: a minimal wage rise, no further collective reduction of working hours, no expansion of early retirement schemes, and the introduction of flexible wage systems in a few contracts.

The bargaining style of decision-making (B: Prisoners' Dilemma) increased from three opening to five concluding styles in 1985, 1987, 1989, 1990, and 1991. The reduction of confrontation (A) and the increase in bargaining (B) did lead to more Central Agreements in this period, as opposed to the two previous periods 1965 - 1973 and 1974 - 1982 (see also the problem solving style of decision making (C) below).

In 1985, central negotiations did not result in any bipartite or tripartite agreement. Decentral negotiations were characterised by conflicts in which trade unions tried to redress at least part of the government's Lubbers I (CDA, VVD) policy package. The government did not intervene in these negotiations although trade unions were partially successful. On the issue of working hours, however, employers were able to withstand unions' demand for a 36-hour week.

With some difficulty the Lubbers II (CDA, VVD) government succeeded in getting employers' organisations and trade unions to conclude a tripartite Central Agreement with the government in 1987. The agreement was that all parties renewed their commitment to previous agreements on employment policies. Decentral negotiations on incomes policy progressed with difficulty. Employers' organisations determined the outcome with respect to working hours, whilst trade unions succeeded in countering the legal reduction of social security benefit levels from 80% to 70% of last earnings. Employers agreed to top up these percentages.

In 1989, negotiations on incomes policy were conducted on the decentral level. Wages rose moderately, no further reduction in working hours was achieved and early retirement schemes were not expanded. Despite attempts and offers by the Lubbers II (CDA, VVD) government, central negotiations on employment policies did not result in an agreement.

In 1990, tripartite negotiations between the incoming Lubbers III (CDA, PvdA) government and trade unions and employers' organisations resulted in a tripartite Central Agreement: the 'Joint Policy Framework'. The agreement aimed at an 'activating' labour market policy, reinstating the linkage between wages in the market sector and wages and benefits in the (semi-) public sector, and sustaining competitiveness of companies.

In 1991, under pressure from the government Lubbers III (CDA, PvdA), trade unions and employers' organisations came to an agreement on sick leave and disability, and on employment for ethnic minorities. Decentral negotiations on incomes policy resulted in a higher wage rise than originally stipulated by the government. The government, however, refrained from intervention. Most collective contracts included clauses on sick leave and disability, and on employment for ethnic minorities.

The problem solving style of decision-making (C: Battle of the Sexes) remained stable at two opening and two concluding styles. The concluding styles occurred in 1983 and 1984 in connection with the Central 'Wassenaar' Agreement.

Under strong pressure from the incoming government Lubbers I (CDA, VVD), which threatened to continue the previous governments' policy to impose binding incomes policy measures on social partners, trade unions and employers' organisations succeeded in concluding a bipartite Central Agreement in 1983. The 'Wassenaar Agreement' was an exchange of the automatic price compensation for a reduction in working hours and the creation of part time jobs. The aim was to keep the government out of incomes policy in the market sector. Incomes policy in the market sector in 1984 was also determined by the bipartite 'Wassenaar Agreement' and ensuing collective contracts struck in 1983 that covered 1984 as well.

5.3.3 *Conclusion*

It was a combination of institutional changes in the annual process of negotiation and implementation of incomes policy through the delinkage of incomes in the market sector and the (semi-) public sector in an effort to reduce the government's budget deficit, within the context of the aftermath of the deepest recession after World War II, and the behaviour of the actors involved in the process of negotiations on incomes policy, that determined the outcome of that process. Both in terms of government strategies and styles of decision-making; and in terms of Central Agreements.

Opening government strategies were non-neo-corporatist in the early and latter part of the period and neo-corporatist in between. All the time, the government's aim was to get social partners to come to a Central Agreement.

Even after 'Wassenaar', social partners still opted for confrontation (A: Chicken) over bargaining (B: Prisoners' Dilemma) or problem solving (C: Battle of the Sexes) at the start of negotiations on incomes policy, due to their still widely differing views on how to tackle the macroeconomic problems (especially unemployment) resulting from the oil crises. However, during the process of negotiations confrontation again decreased whereas bargaining increased. Due to the macroeconomic context and the delinkage of the market sector and the (semi-) public sector, increased bargaining in the market sector in this period did not lead to more deadlocks as it did in the previous period, when bargaining was based

on the linkage of the market sector and the (semi-) public sector in the macro-economic context of the aftermath of the worst recession after 1945.

Right at the start of the period, the government Lubbers I managed to force social partners to come to a Central Agreement on incomes policy in the market sector ('Wassenaar': 1983, 1984). That agreement enabled the government to delink the market sector and the (semi-) public sector and leave incomes policy in the market sector to social partners. The government's concluding strategy in the first part of the period was the non-neo-corporatist passive strategy (I).

In the latter part of the period, the government actively intervened in the annual negotiations on incomes policy in the market sector by neo-corporatist government strategies that induced social partners to come to a Central Agreement on employment issues in 1987, 1990, and 1991.

5.4 1993 - 2000: economic recovery, EMU, and more negotiated agreements

Political developments in this period of eight years included a major change in coalition government. Both CDA and PvdA lost heavily in the 1994 elections that followed the Lubbers III (CDA, PvdA) government. However, the CDA lost more seats than the PvdA who became the largest party in parliament. The centre-left coalition of CDA and PvdA that was dominated by the CDA (Lubbers III) was replaced by the 'purple' coalition in which PvdA (left - 'red') and VVD (right - 'blue') co-operated (Kok I & II). For the first time since 1917, christian democracy (or one or more of its forebears) was not in government. And for the first time since 1951, PvdA and VVD were together in government again.

The first 'purple' coalition (Kok I) of 1994 was a minimal winning coalition of PvdA+D66+VVD, which was forced by D66, which refused to consider a centre-right coalition government with the CDA and the VVD that was also a possibility based on the number of seats in parliament. The second 'purple' coalition of 1998 (Kok II) was an oversized coalition of PvdA+D66+VVD, PvdA and VVD together commanded a majority in parliament (see also Tables 3.1, 3.2 and 7.1). The external shocks and watersheds in this period included the end of the world recession of 1992 - 1994 that led to economic recovery and the continued preparation for the European Monetary Union (EMU) in 1999 that was agreed upon in Maastricht in 1991. This induced a strict budgetary discipline on participating governments.

In this period neo-corporatist strategies dominated government strategy, both at the start and particularly at the end of the annual process of negotiations on incomes policy. The government's main neo-corporatist strategy was the co-operative strategy (II).

Competition (confrontation (A: Chicken) and bargaining (B: Prisoners' Dilemma)) between trade unions and employers' organisations still prevailed over co-operation (problem solving (C)). Nevertheless, confrontation (A: Chicken) again de-

Table 5.4: Sequence of government strategy and style of decision-making of trade unions and employers' organisations 1993 - 2000

Year	Government strategy and style of decision-making		
	Opening	Sequence	Concluding
1993	IIIB	IVB	IIIB
1994	IVA		IIC
1995	IIA	IIB	IIA
1996	IIB	IIC	IIB
1997	IIB	IIC	IIB
1998	IIB	IIC	IIB
1999	IIIB		IIIC
2000	IIB		IIB
Total	8		

Source: Appendix

creased during the annual process of negotiations on incomes policy, and in the end in two years the problem solving style of decision-making (C: Battle of the Sexes) could be identified.

Confrontation between social partners was minimal. Bargaining (B: Prisoners' Dilemma) also decreased slightly. However, problem solving increased. Less confrontation and bargaining and more problem solving led to six Central Agreements (1993, 1994, 1996 - 1999). Contrary to the previous period, government strategy was (almost) consistently neo-corporatist from the start of the annual negotiations on incomes policy to their conclusion, in an effort to further these agreements.

But again, as in the previous period, Central Agreements in this period also remained firmly based on the concluding bargaining style of decision-making (B). Central Agreements were not the result of a significant change towards the problem solving style of decision-making (C: Battle of the Sexes (Scharpf 1998) - see also chapter 3, section 3.3.2 and chapter 4, section 4.5). What was different compared to the previous period was that government strategy was now almost consistently neo-corporatist from opening to concluding the annual process of negotiations on incomes policy.

5.4.1 Government strategy

Government strategy in this period can be understood within the context of the preparation for the EMU in 1999, and economic recovery after 1994, and their respective effects on incomes policy. Preparation for the EMU³⁸ meant that the government's policy continued to aim at a reduction of the budget deficit by a re-

38. EMU criteria included a public debt of not more than 60% of GDP; an annual budget deficit of not more than 3% of GDP; and an inflation rate on or very near the European average.

duction of the (semi-) public sector. Economic recovery at the same time ensured the continuation of a partial and ad hoc relinking of the market sector and the (semi-) public sector in all but two years during this period (1994, 1995).

Opening government strategies were neo-corporatist in the great majority of the years in this period, whereas concluding government strategies were neo-corporatist in all years. The concluding government strategy was co-operative (II) in 1994 - 1998, and in 2000. The concluding government strategy was congruent (III) in 1993 and 1999.

In the years 1994 - 1998, and in 2000, the government consistently tried to get trade unions and employers' organisations to conclude bipartite (Central) Agreements by offering social partners facilitating policies or policy packages. In 1994, during the process of negotiations on incomes policy, the government also put pressure on trade unions and employers' organisations to get them to conclude an agreement before finally concluding its involvement in negotiations with the co-operative strategy (II).

In 1994, pressure by the government Lubbers III (CDA, PvdA), combined with economic difficulties, induced trade unions and employers' organisations to conclude a bipartite Central Agreement: 'A new direction'. The agreement set the agenda for decentral negotiations on incomes policy in 1994 and the following years. Employers' organisations gave up their resistance to collective reductions in working hours, trade unions agreed to further decentralisation, differentiation and flexibilisation of the terms of employment. Both parties also agreed in the SER that the minimum wage and benefits should remain 'frozen' in 1994. Decentral negotiations on incomes policy proceeded on the basis of this agreement. Wage rises in the market sector were minimal, but most contracts contained clauses on blocked, tax-free savings accounts that were introduced by the government to make wage moderation more feasible.

In 1995, central negotiations on (un)employment and wage moderation did not lead to a Central Agreement, but parties agreed to a joint investigation how to create more jobs as an input for negotiations in 1996. Government policy of the government Kok I (PvdA, D66, VVD) was directed by the EMU criteria. To that effect, the market sector and the (semi-) public sector were delinked again, but taxes, social security premiums and other levies were lowered to prop up buying power. Besides, government subsidised 40,000 'additional' jobs in the (semi-) public sector. Finally, the government announced that disability and sick leave benefits would be completely overhauled. Decentral negotiations on incomes policy were characterised by conflicts and a long duration. Trade unions realised their wage demands but had to accept re-financing of early retirement schemes. Central negotiations in 1996 were about the long-term unemployment of ethnic minorities. The 1991 bipartite agreement was extended for another year. In exchange, the government ceased its policy of making collective contracts only

provisionally binding for the whole industry or economic sector. With respect to incomes policy, the government Kok I (PvdA, D66, VVD) reinstated the linkage between the market sector and the (semi-) public sector. Decentral bargaining on incomes policy resulted in compromises. Wage rises were on or very near the target trade unions had set. But no significant reduction in working hours was achieved.

In 1997, the Kok I (PvdA, D66, VVD) government's policy package included the continued linkage between the market sector and the (semi-) public sector, plus a tax reduction targeted especially at lower incomes derived from paid work. This tax reduction was meant to further employment in low paid jobs and to increase the financial difference between incomes derived from low paid jobs and incomes derived from social security benefits. Trade unions and employers' organisations re-affirmed their commitment to the 1994 bipartite Central Agreement 'A new direction', and the 1991 and 1996 bipartite Central Agreements aimed at getting the long term unemployed ethnic minorities a job. Decentral collective contracts were concluded without much difficulty. Nevertheless, trade unions were only marginally successful in pressing their demands.

The Kok I (PvdA, VVD, D66) government's agenda for 1998 included a hefty increase in government spending and at the same time a further reduction of the deficit to 1.7%. The government claimed that in general the policy of reducing (labour) costs to further wage moderation had proved to be successful in the past years. Trade unions and employers' organisations agreed on a new bipartite 'Agenda 2002' for contractual negotiations in the coming years, based on the 1994 bipartite agreement 'A new direction'. Decentral negotiations on incomes policy resulted in contracts that were a trade-off between wages and re-financing of early retirement schemes.

Finally, in 2000, contacts between the Kok II (PvdA, D66, VVD) government, trade unions and employers' organisations on the central level involved an exchange of points of view. With regard to incomes policy, government stated that it trusted trade unions and employers' organisations to agree to a 'responsible' incomes policy, and refrained from making its customary appeal for moderation. The government also pledged to continue its policy of lowering taxes and other (labour) costs to further a moderate incomes policy. Negotiations took place on the decentral level and proceeded without much difficulty, as the economy was booming and government policy gave buying power of the lower paid an extra boost. Contracts already concluded for 2000 in 1999 showed an average wage rise of some 3%. Average wage rises in new contracts for 2000 neared the 4%, with an inflation of 2%. Government concluded, however, that these wage rises were still within reasonable limits.

In 1993 and 1999, the government was consistently involved as a third party in the annual process of negotiations on incomes policy with the neo-corporatist con-

gruent strategy (III). The government tried to broker at least a bipartite, but preferably a tripartite (Central) Agreement between trade unions, employers' organisations and the government. Only in 1993, did the government also put pressure on trade unions and employers' organisations to get them to agree to a wage pause. As this succeeded, the government then ended its involvement in negotiations with the congruent strategy (III).

Faced with deteriorating economic prospects, in 1993, with great difficulty the government Lubbers III (CDA, PvdA) succeeded in getting trade unions and employers' organisations to agree to a bipartite Central Agreement on a wage pause. The wage pause was made possible by the government's policy to prop up buying power of employees, and by a partial linkage between the market sector and the (semi-) public sector. Decentral collective contracts involved a trade-off between wage rises and reparation of the effects of the government's policy with regard to sick leave and disability (instead of 80% of last earnings, new cases would only get 70%).

Lastly, in 1999, the new government's Kok II (PvdA, D66, VVD) agenda for incomes policy aimed at more jobs and a continuation of the linkage of the market sector and the (semi-) public sector. During central negotiations, trade unions and employers' organisations concluded a series of Central Agreements with each other and with the government. These were both a re-affirmation of previous bipartite and tripartite agreements, and the adoption of new policy issues like child-care. Decentral negotiations on incomes policy proceeded on the basis of these agreements, and resulted in compromises with which both parties were satisfied.

5.4.2 Style of decision-making

Styles of decision-making of trade unions and employers' organisations also have to be understood within the context of the preparation for the EMU in 1999, the economic recovery after 1994, and their combined effects on incomes policy. Preparation for the EMU meant that the government's policy continued to aim at a reduction of the budget deficit by a reduction of the (semi-) public sector. Economic recovery at the same time ensured the continuation of a partial and ad hoc relinking of the market sector and the (semi-) public sector in all but two years of this period (1994, 1995).

Confrontation (A: Chicken) in the market sector was reduced from two opening to one concluding style of decision-making in 1995. In 1995, the government opened and ended its involvement in negotiations on incomes policy with attempts to facilitate negotiations with the co-operative neo-corporatist strategy (II). The government did not succeed in getting trade unions and employers' organisations to come to a (lasting) agreement on incomes policy in that year.

Central negotiations on incomes policy in 1995 did not lead to a Central Agreement, despite efforts from the purple government Kok I (PvdA, D66, VVD)

whose motto was 'jobs, jobs, jobs'. Especially the government's delinking of wages and benefits in the market sector and the (semi-) public sector was rejected by the trade unions. However, parties agreed to a joint investigation how to create more jobs as the input for the 1996 negotiations. Decentral negotiations on incomes policy were characterised by strikes, other conflicts and a long duration. Trade unions realised their wage demands but had to accept the re-financing of early retirement schemes.

Bargaining styles of decision-making (B: Prisoners' Dilemma) were reduced as well. From six opening styles to five concluding styles in 1993, 1996 - 1998, and 2000. Although bargaining decreased slightly, as in the previous period it did lead to more Central Agreements in the market sector in this period as well, as opposed to bargaining in the periods 1965 - 1973 and 1974 - 1982 that quite often led to deadlocks.

Faced with deteriorating economic prospects, in 1993, the Lubbers III (CDA, PvdA) government finally succeeded in getting trade unions and employers' organisations to agree to a bipartite Central Agreement on a wage pause. Decentral contracts featured a trade-off between wage rises and reparation of the effects of the government's policy package with regard to sick leave and disability.

In 1996, central negotiations were on the long-term unemployment of the ethnic minorities. The 1991 bipartite agreement was extended for another year. The Kok I (PvdA, D66, VVD) government also restored the linkage between wages in the market sector and wages and benefits in the (semi-) public sector. Decentral negotiations on incomes policy resulted in compromises. Wage rises were modest, no significant reduction in working hours was achieved, but neither was a reduction in special allowances for working 'odd' hours that employers wanted. In 1997, trade unions and employers' organisations on the central level re-affirmed their commitment to the 1994 bipartite Central Agreement 'A new direction' and to the 1991 and 1996 bipartite Central Agreements aimed at getting the long-term unemployed ethnic minorities a job. Decentral collective contracts were concluded without much problem. Wage rises were minimal, no significant reduction in working hours per week was achieved, and collective schemes for early retirement started to give way to more flexible and individual schemes for which the costs are more and more transferred from employers to workers. Most collective contracts included clauses referring to 'additional' jobs, which were subsidised by the Kok I (PvdA, D66, VVD) government as part of their employment policy programme. Besides, the government continued the linkage between the market sector and the (semi-) public sector and reduced taxes for especially the lower incomes.

In 1998, trade unions and employers' organisations agreed on the bipartite 'Agenda 2002', a new agenda for contractual negotiations over the coming years. The 1994 bipartite Central Agreement 'A new direction' was vindicated, but a new

central issue was added: continuous investment in both the adaptability of companies and of employees. The Agreement aimed at further differentiation and decentralisation of wages and other terms of employment in which the economic profitability of branches, companies and industries would be the point of reference, combined with a moderate general incomes policy. Decentral collective contracts featured a trade-off between wages and re-financing of early retirement schemes. This moderate incomes policy was underpinned by massive public expenditure by the Kok I (PvdA, D66, VVD) government, which was combined with a decreasing budget deficit. Wages, pensions and benefits in the (semi-) public sector remained linked to wages in the market sector.

Finally, in 2000, on the central level, contacts between the government and trade unions and employers' organisations could be characterised as consultations in which points of view were exchanged. Negotiations on incomes policy took place on the decentral level and proceeded without much difficulty as the economy was booming. Negotiations were underpinned by the Kok II (PvdA, D66, VVD) government's policy programme that included lower taxes, higher child allowances, an increase in the legal minimum wage and the continuation of the linkage between wages, pensions and benefits in the (semi-) public sector and wages in the market sector. The government also pledged to continue its policy of lowering taxes and other (labour) costs to further a moderate incomes policy.

The problem solving style of decision-making (C: Battle of the Sexes) increased from zero opening styles to two concluding styles in 1994 and 1999. In both years, Central Agreements were struck.

In 1994, pressure by the Lubbers III (CDA, PvdA) government, combined with economic difficulties, induced trade unions and employers' organisations to conclude a bipartite Central Agreement: 'A new direction'. This agreement set the agenda for decentral negotiations in 1994 and the following years. The aim was to restore profitability of businesses and to increase employment. The room for actual wage rises would be dependent on the situation in branches, industries, and companies, and should preferably be used to increase employment. Employers' organisations gave up their resistance to collective reductions in working hours, while trade unions agreed to further decentralisation, differentiation and flexibilisation of the terms of employment. In the SER both parties agreed to 'freeze' the minimum wage and benefits as well.

Trade unions and employers' organisations concluded a series of agreements in 1999, both with each other and with the new Kok II (PvdA, D66, VVD) government. These agreements were both a re-affirmation of previous bipartite and tripartite agreements and the adoption of new policy issues like childcare. Decentral negotiations on incomes policy proceeded without much difficulty on the basis of these agreements. Wages, pensions and benefits in the (semi-) public sector remained linked to wages in the market sector.

5.4.3 Conclusion

In this period it was the combination of institutional changes in the annual process of negotiation and implementation of incomes policy through the partial and ad hoc relinkage of incomes in the market sector and incomes in the (semi-)public sector, together with a strict budgetary discipline enforced by the EMU criteria, in the context of an economic recovery after 1995, that had an impact on the behaviour of the actors involved. In the end, that determined the outcome of that process. Both in terms of government strategies and styles of decision-making; and in terms of Central Agreements.

Opening government strategies were almost exclusively neo-corporatist and were aimed at bringing social partners to a Central Agreement by persuasion and inducement. The opening styles of decision-making of social partners were largely of the bargaining variety (B: Prisoners' Dilemma). During the process of negotiations on incomes policy, bargaining (and confrontation (A: Chicken)) decreased slightly in favour of some problem solving (C: Battle of the Sexes). Bargaining and problem solving led to even more Central Agreements than in the previous period (6: 1993, 1994, 1996 - 1999). The agreements were facilitated by the government's neo-corporatist strategies that included the partial and ad hoc relinkage of incomes in the market sector and the (semi-) public sector together with a strict budgetary discipline within the context of an economic recovery. Non-neo-corporatist government strategies were no option. The passive government strategy (I) was no option given the requirements of the EMU that demanded active government intervention in a relinked incomes policy in the market and the (semi-) public sector. The guiding government strategy (IV) was no option given the conditional character of the relinkage and an economic recovery that precluded binding government interventions in incomes policy (amended Law on Wage Formation 1987). The government's concluding strategies were therefore all neo-corporatist.

5.5 Concluding remarks

In this chapter I have elaborated the main research findings discussed in chapter 4. The elaboration was based on a substantive discussion of opening and concluding government strategies and styles of decision-making of trade unions and employers' organisations in four sub-periods: 1965 - 1973; 1974 - 1982; 1983 - 1992; and 1993 - 2000. The four sub-periods were based on a combination of political developments and external economic shocks and watersheds (see also chapter 3, section 3.2.2.1; chapter 7; and Tables 3.1, 3.2 and 7.1).

The research finding that required further elaboration was the almost 50:50 distribution of concluding neo-corporatist and non-neo-corporatist government strategies compared to the almost 2:1 distribution of opening neo-corporatist and non-neo-corporatist government strategies.

Based on the above substantive discussion of government strategies and styles of decision-making the following conclusions can be drawn. Firstly, the observed decrease from opening to concluding neo-corporatist government strategies occurred mainly in the period 1965 - 1982. This was due to an increase in confrontation (A) between social partners in the period 1965 - 1973 based on their differing agendas that made it difficult for them to come to Central Agreements. And although confrontation (A: Chicken) decreased in the period 1974 - 1982, the concomitant increase in bargaining (B: Prisoners' Dilemma) did not result in more Central Agreements, but rather in more deadlocks during negotiations. Whether this lack of agreement also resulted in less movement towards the core will be investigated in chapter 6.

In the period 1965 - 1973, before 1970 the lack of agreement between social partners reinforced the habitual tendency of governments to take over again the determination of incomes policy with a guiding government strategy (IV) as governments were used to do in the previous period of the centrally, government guided incomes policy between 1945 and 1965. After the introduction of the new Law on Wage Formation in 1970, concluding non-neo-corporatist government strategies were of the passive variety (I) in an effort to give the new system of 'free' negotiations on incomes policy between social partners a fair chance.

The few attempts at neo-corporatist strategies by the government were only marginally successful in resolving the deadlocks or reducing the confrontations and to produce a Central Agreement (1965 and 1970).

In the period 1974 - 1982, the continued lack of agreement between social partners left the government but two options to redress the combined macroeconomic and budgetary effects of the two oil crises in 1973 and 1979/80 and the linkage between the market sector and the (semi-) public sector. Either to try to resolve the deadlocks between social partners by a neo-corporatist strategy (II+III); or to take over responsibility for incomes policy with a non-neo-corporatist guiding strategy (IV) in order to reach their policy target of a moderate incomes policy in the market sector.

The potential third option, the non-neo-corporatist passive strategy (I) was no real option in this period given the combined effects of both oil crises and linkage on macroeconomic performance and the government's budget.

The government tended to open with a neo-corporatist strategy. But in a majority of the years, just after both oil crises, the government opted for the concluding guiding strategy (IV). In the remaining years between both oil crises, the government opted for a concluding neo-corporatist strategy (II). But in only one case these neo-corporatist strategies were effective in bringing social partners to a Central Agreement (1977).

Secondly, this means that the 17 concluding non-neo-corporatist government strategies (I+IV) also occurred mainly in the same two periods 1965 - 1973 and

1974 - 1982. The nine concluding non-neo-corporatist guiding government strategies (IV) all occurred exclusively in these periods, as did three of the eight concluding non-neo-corporatist passive government strategies (I). The remaining five concluding passive government strategies (I) all occurred in the third period 1983 - 1992, in the years directly following the 'Wassenaar' Agreement (1983 - 1987). Therefore, the 'Wassenaar' Agreement was no watershed with respect to government strategy.

Right at the start of that period, the government Lubbers I managed to force social partners to come to this Central Agreement on incomes policy in the market sector that covered 1983 and 1984. This Central Agreement enabled the government to delink the market sector and the (semi-) public sector and leave incomes policy in the market sector to social partners. The government's concluding strategy in the first part of the period was the non-neo-corporatist passive strategy (I). These passive government strategies reflect the effects of the delinkage of the market sector from the (semi-) public sector that was effected from 1983 - 1989. This situation was formalised with the new Wage Law of 1987 that stated that binding government intervention in incomes policy was only admissible in case of externally induced economic emergencies.

In the latter part of this period, the government actively intervened in the annual negotiations on incomes policy in the market sector by neo-corporatist government strategies that induced social partners to come to a Central Agreement on employment issues in 1987, 1990, and 1991.

Finally, in the period 1993 - 2000, the ad hoc relinkage of incomes in the market sector and in the (semi-) public sector and the budgetary discipline forced by the EMU (1999) in a context of an economic recovery after 1995 meant that non-neo-corporatist government strategies were not an option. Consequently, government strategy was neo-corporatist and that facilitated even more agreements between social partners (and between social partners and the government) than in the previous period (6: 1993, 1994, 1996 - 1997).

The Central Agreements after 1982 were both usually based on the bargaining style of decision-making (B: Prisoners' Dilemma), instead of on the problem solving style (C: 'Battle of the Sexes', see chapter 3, section 3.3.2 and chapter 4, section 4.5), and not always the result of neo-corporatist government strategies as well. Therefore, there is no empirical evidence to support the emergence of a new Dutch 'Polder Model' of neo-corporatism (see also chapter 4 and chapter 2, section 2.3).

In this chapter I have argued that the conceptualisation of neo-corporatism as a strategy (see chapter 2) and the subsequent operationalisation of government strategy and style of decision-making of trade unions and employers' organisations that was elaborated in chapter 3 (section 3.3 and Table 3.4), can indeed account for all variations and changes in government strategies and styles of

decision-making in the four sub-periods between 1965 and 2000. I have also argued how and why neo-corporatist government strategies change and vary over the four sub-periods.

This substantiates the affirmative answer given to research question 1 in chapter 4, and elucidates why governments in a number of years chose not to pursue, continue or implement a neo-corporatist strategy. The final, elaborated answer to research question 1 therefore confirms the affirmative answer given in chapter 4.

Can neo-corporatism, defined as a government strategy for conflict regulation, offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000?

The answer is: yes, neo-corporatism, defined as a government strategy for conflict regulation, can offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000. It also shows that the emergence of a new Dutch 'Polder Model', either after 1982 or in the 1990s, is not supported by the research findings.

Now research question 1 has been answered affirmatively, I will move on to research question 2.

Was Dutch incomes policy between 1965 and 2000 effective in terms of the agendas of actors involved?

In chapter 6, the effectiveness of incomes policy will be discussed in terms of the agendas of the actors involved in the formation and implementation of incomes policy: government, trade unions, and employers' organisations.

6. Neo-corporatism and the effectiveness of incomes policy³⁹

In this chapter I will provide the answer to research question 2:

Was Dutch incomes policy between 1965 and 2000 effective in terms of the agendas of actors involved?

The effectiveness of incomes policy is discussed in terms of the agendas of the actors involved in the formation and implementation of incomes policy: government, trade unions, and employers' organisations. The aim is to determine whether neo-corporatist government strategies did a better job than non-neo-corporatist government strategies in two related respects. First, in reordering the list of preferences that is expressed in each actor's agenda for incomes policy (see Keman 1999: 261-265). To put it differently, the question here is: are neo-corporatist government strategies indeed facilitating in the development towards a 'structure induced equilibrium' (Shepsle 1997: 283, 284); that is, more effective in bringing the actors involved in incomes policy to an agreement than non-neo-corporatist government strategies.

Secondly, in moving closer towards the 'core' (Shepsle 1997: 283, 284) of incomes policy in a given year on the basis of this 'structure induced equilibrium' or agreement on incomes policy. The 'core' represents the agreement that is preferred by all actors involved in incomes policy above all other alternatives and that cannot be improved by any other alternative (Shepsle 1997: 261-265). This 'core' represents a virtual and not an empirical agreement. In this chapter, approaching the core will be empirically investigated in terms of a movement towards a closer match between the preferences expressed in each actor's agenda

39. I would like to thank the participants in the workshop on 'spelregels en (veranderende) machtsverhoudingen in het Belgische en Nederlandse corporatisme in historisch en vergelijkend perspectief' during the annual conference of the Dutch and Flemish Political Science Associations in Antwerp on 27 and 28 May 2004 for their constructive criticism on a draft version of this chapter. The workshop was chaired by Uwe Becker and Carl Devos.

for incomes policy and the actual outcome in terms of these preferences (see section 6.3).

As discussed in chapter 3 (section 3.3), the government is considered to be the pivotal actor in this process of reordering (see also Molina and Rhodes 2002: 316-318). Based on chapter 2, section 2.2, chapter 3, section 3.3, as well as chapters 4 and 5, I expect a neo-corporatist incomes policy to be more effective than a non-neo-corporatist incomes policy in both respects. In other words, I expect a neo-corporatist government strategy to be more effective than a non-neo-corporatist strategy in terms of (the number of) agreements struck and also in terms of moving towards a match between preferences and actual outcome, based on these agreements.

A neo-corporatist incomes policy is an incomes policy that results from a neo-corporatist government strategy outcome: co-operative (II) or congruent (III). A non-neo-corporatist incomes policy is an incomes policy that results from a non-neo-corporatist government strategy outcome: passive (I) or guiding (IV).

6.1 *Agendas, preferences and effectiveness of incomes policy*

The agendas of the government, trade unions, and employers' organisations featured a number of related issues that may differ in salience between actors and for actors over time. Based on my research (see Appendix), I argue that the main issues on the actors' agendas for incomes policy between 1965 and 2000 include:

- Terms of employment
- wages
- automatic price compensation or indexation
- working hours
- Social policy
- social security⁴⁰
- (un)employment
- Macroeconomic policy
- inflation
- budget deficit

40. Based on my research, I use the term social security when referring to a number of different but related issues:

- levels of benefits for unemployment, sick leave, and disability in percentages of last earned wages that are set by the government;
- premiums for the various benefits and their distribution over employers and employees that - are both set by the government;
- the level of the statutory minimum wage that is set by the government;
- and finally, the linkage between wages, benefits and pensions in the (semi-) public sector to wages in the market sector that is also controlled by government legislation.

Table 6.1: Rank order of preferences of government, trade unions and employers' organisations

Issues	Rank order		
	unions	employers	government
<i>Terms of employment</i>			
Wages	1 (+)	1 (-)	3
Automatic price compensation	1 (+)	1 (-)	3
Working hours	1 (+)	1 (-)	3
<i>Social policy</i>			
Social security	2(+)	3	2(-)
(Un)employment	2	3	2
<i>Macroeconomic policy</i>			
Inflation	3	2	1
Budget deficit	3	2	1

Note: 1 = an urgent preference; 2 = important; 3= indifferent. (+) = in favour of better terms of employment across the board and full linkage; (-) not in favour of better terms of employment across the board and full linkage.

Table 6.1 shows how the issues on the agendas of the three actors can be ordered according to the salience of the issue for each actor. The rank order in Table 6.1 shows two things. On the one hand, the difficulties that actors may have to come to an agreement. But on the other hand, also the possibilities - reordering of preferences - which actors may have to overcome these difficulties and to come to an agreement (see also Keman 1999: 262-263).

The terms of employment refer to preferences that are contested between trade unions and employers' organisations. Social policy refers to preferences that are contested between trade unions and the government. Macroeconomic policy refers to preferences that are mainly a government concern. Whereas neo-corporatist government strategies are expected to be more conducive for reaching an 'equilibrium', the ultimate question is - given these contested preferences - whether such 'equilibria' indeed move close towards the core as well (and thus show that institutions matter).

First, wages, automatic price compensation, and working hours were issues directly related to the terms of employment. For trade unions, the terms of employment represented an urgent preference. Depending on the actual situation, during negotiations with employers' organisations the emphasis might shift from one issue to another within this set of issues. For employers' organisations the terms of employment were also an urgent preference.

However, actors did differ fundamentally with respect to the substance of the issues involved in the terms of employment. To trade unions it was their core business to continually try to improve these terms. Preferably, to succeed in negotiating arrangements that had both an automatic character, that is, did not need

to be renegotiated annually, as well as were applied across the board. Employers' organisations on the other hand were not opposed to any improvement of the terms of employment as such, but they were very much opposed to any system of automatic improvements across the board. For employers' organisations, the improvement of the terms of employment was conditional on other issues and, therefore, these were issues for regular (re-)negotiation. That means that trade unions and employers' organisations had to come to an agreement on these issues among themselves. But social partners differed fundamentally with respect to the substance of the issues involved and that made it quite difficult to reach an agreement.

As the terms of employment were relevant for the government mainly in its capacity of employer, governments were able to have a mediating influence on social partners during negotiations on incomes policy with the offer of policies pertaining to the issues representing either social government policy (social security and (un)employment) or macroeconomic government policy (inflation and budget deficit). In terms of game theory (see chapter 3, section 3.3) negotiations between trade unions and employers' organisations on these issues can be described in terms of a one-shot Chicken game, or a Prisoners' Dilemma, that can be resolved by government intervention. Either by using a neo-corporatist government strategy to entice social partners to come to an agreement or by using the non-neo-corporatist guiding government strategy to impose a solution on social partners (see also chapters 4 and 5).

Second, the issues of social security and (un)employment. These issues were clearly more important to trade unions and the government than to employers' organisations. As such they can be classified as elements of a social government policy. However, depending on the situation, trade unions and governments might differ fundamentally with respect to the substance of both issues. In general, trade unions were in favour of high levels of benefits, low premiums for employees, a high level of the statutory minimum wage, a continued linkage of wages in the market sector and wages and benefits in the (semi-) public sector, and (un)employment policies. For governments these issues were conditional on other policy issues and the macroeconomic context.

For employers' organisations these issues were important mainly in terms of costs. That means that during negotiations on incomes policy governments were able to use government policies pertaining to these issues to facilitate agreement on the terms of employment between trade unions and employers' organisations. In terms of game theory (see chapter 3, section 3.3) negotiations on these issues were primarily between trade unions and the government and these can be described in terms of a (super) Prisoner's Dilemma on the basis of exchange, whereas for employers' organisations these issues were negotiable, depending on other issues and the macroeconomic context (Battle of the Sexes).

Third, inflation and the budget deficit were issues that represented an urgent

preference of government. As such they represented elements of a macroeconomic government policy. For employers' organisations, inflation and the budget deficit were important, but did not represent an urgent preference. For trade unions these issues were of least importance. Therefore, these issues also represent government policies that could be used by governments during negotiations on incomes policy - possibly in combination with social policy issues - to mediate or enforce an agreement between trade unions and employers' organisations on the terms of employment or social security issues. In terms of game theory (see chapter 3, section 3.3) negotiations on these issues can be described as government directed, whereas for employers' organisations and trade unions these issues were negotiable based on exchange (employers: Prisoners' Dilemma) or depended on other issues and on the macroeconomic context (trade unions: Battle of the Sexes).

Coming back to the effectiveness of incomes policy in terms of reordering the preferences on the agendas of the actors involved in incomes policy (see Table 6.1), I contend that a successful reordering of these preferences results in an agreement that reflects a 'structure induced equilibrium'. Either a bipartite agreement between trade unions and employers' organisations (supported or facilitated - or not - by the government), or a tripartite agreement between social partners and the government (see chapter 3, Table 3.4, and chapters 4 and 5). An effective incomes policy in terms of agreements is therefore, first, an incomes policy that is based on a bipartite or tripartite agreement on the central level, in effect a Central Agreement. And second, an effective incomes policy in terms of agreements is also a Central Agreement on the central level that is not challenged or rejected by the rank and file of either social partner on the decentral levels. I expect neo-corporatist government strategies to do a better job in this respect than non-neo-corporatist government strategies (see section 6.2).

The effectiveness of incomes policy in terms of the 'core', that is, in terms of a match between preferences and outcome, will be inferred from the measure of congruence between the preferences on the agendas of the actors involved in incomes policy (see Table 6.1) and the actual outcome of these preferences (see Tables 6.4 and 6.5). The measure of congruence between preferences and outcome is established by comparing whether the preferences of the actors involved correspond with the actual outcome. This comparison will not be based on statistical correspondence, nor will it assume direct causal relations between the outcome of the process of negotiations on the formation and implementation of incomes policy in terms of neo-corporatist government strategies, styles of decision-making, and Central Agreements on the one hand, and actual outcome on the other. Rather, the comparison will discuss congruence between preferences and outcome in terms of the likelihood that the core was achieved (degree of association).

The measure of congruence between preferences and outcome in a given year is important information for each actor deciding on their strategy or style of decision-making in the next round of negotiations on the formation and implementation of incomes policy. I assume that actors act retrospectively, that is, adjust their behaviour based on past outcome and the measure of congruence between that outcome and their respective preferences.

In terms of a match between preferences and outcome, I contend that the likelihood that the core was indeed achieved is represented by an outcome that shows that all actors were able to achieve more or less the same measure of their preferences. I expect neo-corporatist government strategies to do a better job in this respect than non-neo-corporatist government strategies, based on the facilitation of 'structure induced equilibria' or agreements by these government strategies (see section 6.3).

6.2 Effectiveness of incomes policy in terms of Central Agreements

Tables 6.2 and 6.3 present an overview of effective and ineffective incomes policies in terms of agendas for the whole period 1965 - 2000.

Neo-corporatist government strategies between 1965 and 2000 were indeed almost four times as successful in reordering actors' preferences as non-neo-corporatist government strategies (11 - 3). And neo-corporatist government strategies were also more often successful than not in reordering actors' preferences (11 - 8). Lastly, non-neo-corporatist government strategies were more often not successful in reordering actors' preferences (14 - 3).

Nevertheless, although in a majority of the years between 1965 and 2000 government strategy was neo-corporatist (19 of 36), incomes policy was only effective in terms of Central Agreements in a minority of the years (14 of 36). In addition, in three of these 14 years, incomes policy was of the non-neo-corporatist variety. Therefore, the provisional answer to research question 2 must be: Dutch incomes policy in terms of the agendas of the actors involved as represented by Central Agreements appears as having been effective in a minority of 14 (38.9%) of the 36 years between 1965 and 2000, and conversely, as not effective in a majority of 22 (61.1%) of the 36 years in this period. Nevertheless, a neo-corporatist incomes policy was indeed more often effective than ineffective in this respect, and also almost four times as effective as a non-neo-corporatist incomes policy.

6.2.1 Effective government strategies

The distribution of effective incomes policies of both varieties - neo-corporatist and non-neo-corporatist - over the four periods identified in chapter 5 is rather skewed across time:

- 1965 - 1973 two Central Agreements (1965, 1970)
- 1974 - 1982 one Central Agreement (1977)

Table 6.2: Effectiveness of incomes policy in terms of Central Agreements 1965 – 2000

Neo-corporatist government strategies			Non-neo-corporatist government strategies			Total
II: Co-operative strategy		III: Congruent strategy	I: Passive strategy		IV: Guiding strategy	
CA	No CA	CA	No CA	CA	No CA	
1977	1973	1965		1983	1970	36
1991	1975	1987		1984		
1994	1978	1990				
1996	1979	1993				
1997	1988	1999				
1998	1989					
	1995					
	2000					
6	8	5	-	2	1	36

Source: Appendix

Table 6.3: Effectiveness of neo-corporatist and non-neo-corporatist incomes policy in terms of Central Agreements 1965 – 2000

Effectiveness (+ or -)	Neo-corporatism (II and III)	Non-neo-corporatism (I and IV)
Effective (+)	11 (57.9%)	3 (17.6%)
Not effective (-)	8 (42.1%)	14 (82.4%)

Source: Appendix and Table 6.2.

- 1983 - 1992 five Central Agreements (1983, 1984, 1987, 1990, 1991)
- 1993 - 2000 six Central Agreements (1993, 1994, 1996 - 1999)

In the period 1965 - 1973, Dutch incomes policy was both largely of the non-neo-corporatist variety and in a majority of the years not effective in bringing trade unions and employers' organisations to an agreement. The general picture with regard to incomes policy in this period is that confrontation between trade unions and employers' organisations on the issues related to the terms of employment increased. In a majority of the cases, the efforts by the government to mediate between social partners with issues pertaining to social and macroeconomic policy failed to produce a reordering of the list of preferences of these actors. Governments responded to this failure by either enforcing a reorder of those lists of preferences on social partners through a non-neo-corporatist guiding (IV) incomes policy, or by giving up on attempts to reorder and reverting to the non-neo-corporatist passive (I) incomes policy (see also chapter 5, section 5.1).

This clearly shows the three main dimensions of the concept of neo-corporatism as a government strategy that was developed in chapter 2. These are the relative autonomy of the actors involved, their mutual instrumentalisation, and the pivotal role of the government. Actors' relative autonomy is reflected in the fact that in the end they can indeed opt for co-operation or not.⁴¹ Their mutual instrumentalisation is shown by their willingness to co-operate, that is, in their willingness to negotiate. That, however, did not imply that negotiations were successful as well (see also chapter 3, section 3.3.3 and Table 3.4). Lastly, the pivotal role of the government is shown both by their neo-corporatist strategies to get social partners to reach an agreement during the process of negotiations on incomes policy, and their frequent choice to end their involvement in incomes policy with the non-neo-corporatist guiding strategy (IV).

In the period 1974 - 1982, Dutch incomes policy was singularly ineffective in bringing trade unions and employers' organisations to an agreement, despite an increase in neo-corporatist incomes policies. Although confrontation between trade unions and employers' organisations on issues related to the terms of employment decreased in this period, that did not lead to an increase in agreements on incomes policy. On the contrary, negotiations between social partners frequently bogged down in deadlocks. Governments consistently tried to mediate between social partners with social and macroeconomic policy packages. These efforts failed to produce a reordering of the lists of preferences of social partners in all but one year. Governments responded to this failure by either enforcing a reorder of those lists of preferences on social partners through a non-neo-cor-

41. Non-co-operation by social partners meant no Central Agreement was reached. Non-co-operation by the government could either take the form of the non-neo-corporatist passive strategy (I), or, on the contrary, the non-neo-corporatist guiding strategy (IV).

poratist guiding (IV) government strategy in the years directly following on the two oil crises, or by continuing their neo-corporatist attempts to reorder in the years between (see also chapter 5, section 5.2).

Again, this clearly shows the usefulness of the dimensions of the concept of neo-corporatism as a government strategy developed in chapter 2 and the subsequent operationalisation in chapter 3. It also shows that neo-corporatism as a government strategy, based on relative autonomy, mutual instrumentalisation, and a pivotal role for the government is no guarantee for success in terms of agendas. That was dependent on the actors' behaviour in the context of a deteriorating macroeconomic outcome.

In the period 1983 - 1992, Dutch incomes policy was evenly split between neo-corporatist incomes policies and non-neo-corporatist incomes policies. Confrontation between trade unions and employers' organisations on issues related to the terms of employment decreased further in this period. In contrast to the previous period, less confrontation between social partners on issues related to the terms of employment did lead to more agreements on incomes policy. These agreements were only partly the result of the government's efforts to produce a reorder of the list of preferences of social partners by a neo-corporatist government strategy. Two of the agreements on incomes policy in this period were struck while the government pursued a non-neo-corporatist strategy. But neo-corporatist incomes policies in this period were more effective in this respect than non-neo-corporatist incomes policies. In half the years in this period, incomes policy was therefore effective (see also chapter 5, section 5.3).

The increase in the number of Central Agreements in this period, starting with the 'Wassenaar Agreement' of December 1982 that covered 1983 and 1984, may seem to signify the emergence of a more effective variety of neo-corporatist government strategies, or even a 'Polder Model', when compared to the previous periods. However, the 'Wassenaar' Agreement that covered two of the five Central Agreements in this period was struck while the government pursued a non-neo-corporatist strategy. And in chapters 4, section 4.5, and 5, sections 5.3 and 5.4, I have already established that a new Dutch 'Polder Model' can not be identified. Firstly, social partners very seldom used the problem solving style of decision-making (C: Battle of the Sexes). Central Agreements were usually based on the bargaining style of decision-making (B: (repeated) Prisoners Dilemma). Secondly, Central Agreements were not always the result of a neo-corporatist government strategy.

This research finding supports the researchers discussed in chapter 2, section 2.3, that do not consider Dutch neo-corporatism in the 1980s or 1990s to constitute a new model (see for instance Teulings 1995, 1996, 1997; Van Empel 1997; Visser and Hemerijck 1997; Teulings and Hartog 1998; Hazeu 1998; and Van Waarden 2002), but rather to be more (or less) effective, depending on

changes in the institutional setting of negotiations on incomes policy, the behaviour of the actors' involved and the macroeconomic context.

In the last period 1993 - 2000, Dutch incomes policy was neo-corporatist in all years. And in all but two years that neo-corporatist incomes policy was effective in bringing trade unions and employers' organisations to an agreement as well. Confrontation between trade unions and employers' organisations on issues related to the terms of employment was minimal in this period. As in the previous period, less confrontation did not lead to more deadlocks but to more agreement on incomes policy. In a majority of the years in this period, incomes policy was effective in reordering the list of preferences of social partners. In contrast to the previous periods, incomes policy was of the neo-corporatist varieties in all years of this period (see also chapter 5, section 5.4 and Appendix).

The continuation of Central Agreements in this period, combined with a completely neo-corporatist incomes policy by the government, may suggest that a 'Polder Model' had come to maturity. However, that does not explain why in the previous period a non-neo-corporatist incomes policy was almost as effective in this respect, nor does it explain why in two cases in this period (1995 and 2000) a neo-corporatist incomes policy was not effective. If a 'Polder Model' had indeed come to maturity in this period, it was a rather vulnerable 'Model'. The 'Model' was apparently dependent on two factors at least. Firstly, the co-operation of both social partners, and secondly, macroeconomic conditions. If either one of the social partners refused to co-operate, or the economy boomed, the 'Model' did not produce a Central Agreement. That does not constitute a significant change compared to the institutionalised process of negotiations on incomes policy in previous periods. This supports my contention that the effectiveness of Dutch neo-corporatism in terms of the agendas of the actors involved is indeed largely dependent on the behaviour of these actors. And that behaviour is strongly influenced by the institutional changes induced by the macroeconomic context (delinkage in the 1980s in the aftermath of the worst recession after 1945 and ad hoc relinkage in the 1990s in the context of strict budgetary discipline (EMU) and an economic recovery from 1995). The behaviour of the actors involved can be empirically categorised and analysed with my instrument of analysis developed in chapter 3, Table 3.4.

Two findings, however, remain to be explained. First, why a neo-corporatist government strategy was not effective in reordering the actors' preferences in eight of the years. Second, why a non-neo-corporatist government strategy was effective in reordering the actors' preferences on three occasions.

6.2.2 Ineffective neo-corporatist government strategies

Concluding neo-corporatist government strategies were not effective in terms of the agendas of the actors involved in negotiations on incomes policy in eight

years between 1965 and 2000: 1973, 1975, 1978, 1979, 1988, 1989, 1995, and 2000. With great difficulty and by making major concessions to both trade unions and employers' organisations, the government Biesheuvel II (KVP, ARP, CHU, VVD) succeeded in 1973 to get social partners to conclude a bipartite Central Agreement on incomes policy at the central level. It was a classical case of reordering or compensating preferences based on each actor's agenda, at least at the central, national level (see also chapter 5, section 5.1 and Appendix).

However, implementation of the agreement on the decentral level led to conflicts and a number of strikes. The conflicts were both between trade unions and employers' organisations and between the general trade unions and the unions for higher paid employees. The main bone of contention was wage rises in set amounts instead of in percentages. More and more, the general trade unions used this device to get the lower paid employees a higher raise than the higher paid employees.

The explanation for the failed Central Agreement in this year is that the successful reordering at the national level ran into difficulties with the rank and file of the national organisations during implementation. Although social partners at the national level had agreed to a reordering of preferences, arranged by the government's neo-corporatist strategy, they could not deliver at the decentral level.

In 1975, the policy package of the government Den Uyl (PvdA, KVP, ARP, D66, PPR) was meant to entice social partners to conclude a Central Agreement. Negotiations, however, came to a halt in a deadlock. When negotiations broke down, social partners left the decision on incomes policy to government and parliament. A subsequent enlarged government policy package was approved by parliament and served as the bottom line for further negotiations on the branch and company level. Despite gradually worsening economic conditions, government did not intervene in these negotiations. It did not want to jeopardise its relations with social partners any further after the application of the *Machtigingswet* in 1974 (see also chapter 5, section 5.2 and Appendix).

The explanation for the failed Central Agreement in this year is that despite all efforts by the government, a reorder of preferences proved to be impossible. Social partners were simply not willing to compromise on the issues involved in incomes policy. That government did not revert to a non-neo-corporatist government strategy was due to its efforts to patch up relations with social partners after its non-neo-corporatist guiding (IV) intervention in 1974 in the aftermath of the 1973 oil crisis. The same more or less goes for 1978. Both the outgoing government Den Uyl (PvdA, KVP, ARP, D66, PPR) and the incoming government Van Agt I (CDA, VVD) tried in vain to bring social partners to a Central Agreement by offering compensating policy packages. However, neither the trade unions, nor the employers' organisations were satisfied with what was on offer. Consequently, both refused to conclude a Central Agreement. When central negotiations broke down, negotiations devolved to decentral levels. Both governments' policy packages

served as the bottom line for these negotiations in which neither government intervened (see also chapter 5, section 5.2 and Appendix).

Again, social partners were not willing to compromise on the basis of the governments' compensatory policies. That governments did not revert to a non-neo-corporatist guiding government strategy (IV) was most likely due to their status. The one government was on its way out, the other on its way in. The non-neo-corporatist passive government strategy (I) was no option given the combined detrimental effects of the oil crisis and the linkage on macroeconomic performance and the government's budget.

In 1979 social partners again refused to conclude a Central Agreement based on the government's policy package. This time, the main opposition came from the trade unions. Employers' organisations agreed with the government's policy package. A subsequently enlarged policy package again failed to bring social partners to a Central Agreement because of continued opposition by the trade unions. Nevertheless, the enlarged policy package then served as a framework for decentral negotiations in which the government did not intervene (see also chapter 5, section 5.2 and Appendix).

This time it was the trade unions that were unwilling to compromise on the basis of the government's policy packages. Nevertheless, the government stuck to its neo-corporatist strategy. Most likely it did not want to sour its relations with especially the trade unions any further so soon after it had come to power.

In 1988, employers' organisations rejected any Central Agreement. Their agenda differed fundamentally from that of the trade unions. Government policy of the Lubbers I (CDA, VVD) government could not bridge the gap between these agendas, although it included compensatory measures for both. Therefore, central negotiations on incomes policy broke down. Nevertheless, based on the government's policy package, a number of joint working parties on employment issues continued their work. Their reports served as a basis for decentral negotiations. Decentral contracts were, however, largely determined by employers (see also chapter 5, section 5.3 and Appendix).

The explanation for the failed Central Agreement in this year is that employers' organisations flatly refused to consider a Central Agreement. Based on the new Law on Wage Formation that came into force in 1987, the government could no longer intervene with the non-neo-corporatist guiding strategy (IV), except in case of a national emergency caused by external factors. It therefore choose to keep decentral negotiations on incomes policy as well as central consultations on employment issues going by offering compensatory neo-corporatist policies. And, of course, the linkage between the market sector and the (semi-) public sector was still severed, so there was no urgent need for the government to intervene with binding measures in incomes policy in the market sector.

In 1989, despite various attempts and offers by the Lubbers II (CDA, VVD) govern-

ment, central negotiations again did not result in a Central Agreement. Tripartite negotiations on the long-term unemployed foundered on the FNV, while tripartite negotiations on the issues of sick leave and disability only resulted in the institution of a working group that was to devise concrete policies for the future (see chapter 5, section 5.3 and Appendix).

The explanation of the failed Central Agreement in this year was again the disagreement between social partners on the major issues of incomes policy. And as was the case in 1988, the government's policies were not sufficient to bridge the apparent gap between their agendas, but at least managed to keep negotiations and consultations on these issues more or less going. Of course, the linkage between the market sector and the (semi-) public sector was still severed.

In 1995, employers' organisations refused even to consider a Central Agreement. Their aim was on the contrary differentiation of incomes policy. Decentral negotiations were characterised by conflicts, strikes and a long duration. Government policy was specifically targeted on job creation and succeeded in keeping social partners on speaking terms over these issues. The three parties started a joint investigation on job creation as an input for the 1996 negotiations (see also chapter 5, section 5.4 and Appendix).

The explanation of the failed Central Agreement in this year is the refusal of one of the social partners to consider such an agreement. As the government could no longer intervene with the non-neo-corporatist guiding strategy (IV) because of the new Law on Wage Formation of 1987, and the market sector and the (semi-) public sector were delinked, it chose to keep social partners at least involved in the employment issue.

In 2000, contacts between the government and social partners on the central level could be described as consultations in which points of view with respect to incomes policy were exchanged. Neither party argued for a Central Agreement. Decentral negotiations proceeded without much difficulty due to a booming economy and a government policy that boosted buying power of the lower paid and included a partial linkage between the market sector and the (semi-) public sector (see also chapter 5, section 5.4 and Appendix).

The explanation for the failed Central Agreement in 2000 is that within the context of a booming economy, all three parties were quite content with central consultations and decentral negotiations on incomes policy. No actor desired a Central Agreement as there was no urge for co-ordination.

Summing up, the ineffectiveness of neo-corporatist government strategies in terms of agendas was due to the behaviour of one or both of the social partners. A neo-corporatist government strategy was only effective if social partners were willing to negotiate a reordering of their preferences. In the eight years discussed above that was not the case.

6.2.3 *Effective non-neo-corporatist government strategies*

Concluding non-neo-corporatist government strategies were only effective in terms of the agendas of the actors involved in negotiations on incomes policy in three years between 1965 and 2000: 1970, 1983, and 1984.

In 1970, negotiations on incomes policy between social partners proceeded smoothly and, aided by an initial neo-corporatist strategy of the government De Jong (KVP, ARP, CHU, VVD), resulted in a bipartite Central Agreement based on the 14th bi-annual report of the SER. Again, a classical case of reordering or compensating preferences by the government, based on the actors' agendas (see also chapter 5, section 5.1 and Appendix).

But trade unions and the government collided head-on about the new Law on Wage Formation. Trade unions refused to participate in any further negotiations in the SER and the STAR on both the future system of negotiations on incomes policy and (future) wage issues, including the price indexation. They were reluctantly supported by the employers' organisations. In response, the government unilaterally intervened in the agreement on the price indexation that was the cornerstone of the bipartite Central Agreement, and ended its involvement in incomes policy in this year with the non-neo-corporatist guiding strategy (IV).

The explanation for this rather unexpected combination of a non-neo-corporatist government strategy and a Central Agreement is that the Central Agreement was based on the initial neo-corporatist government strategy. The non-neo-corporatist strategy with which the government ended its involvement in incomes policy was the result of a conflict between social partners and the government about the future process and substance of negotiations on incomes policy that spilled over to the substance of the incomes policy of 1970. With its concluding non-neo-corporatist strategy, the government made it quite clear that it intended to remain the pivotal actor in negotiations on incomes policy, both with regard to the process and the substance.

In 1983 and 1984, Central Agreements were struck while the government's concluding strategy was non-neo-corporatist (I: passive). These two years were both covered by the famous Central 'Wassenaar Agreement' which was struck in December 1982. In 1983, under strong pressure by the incoming government Lubbers I (CDA, VVD), trade unions and employers' organisations succeeded in striking a deal. The bipartite 'Wassenaar Agreement' involved an exchange of the automatic price indexation for a reduction in working hours and the creation of part time jobs in the market sector. Part of the agreement was also the continuation of a number of working parties on employment issues. When after the agreement, decentral negotiations on the exchange proceeded too slowly to the government's liking, it again threatened to intervene with binding measures. That induced trade unions and employers' organisations to conclude more decentral agreements based on the Central 'Wassenaar Agreement'. These collective agreements covered 1983 and 1984.

In response, government refrained from any further intervention in the market sector and concentrated its own efforts on the (semi-) public sector. All linking mechanisms were put on hold in 1983, and in 1984 wages, pensions and benefits were cut (see also chapter 4; chapter 5, section 5.3; Appendix; and Hemerijck 2003: 53 ff.).

The Wassenaar Agreement is a peculiar Central Agreement. It was not the result of a government policy that enabled social partners to reorder or compensate their preferences. On the contrary, the Wassenaar Agreement was the result of a threat by the government that it would continue to completely determine incomes policy as it had done in 1980, 1981 and 1982 if no agreement in the market sector would be reached (see also Jones 1999; Andeweg 2000: 706). The government's message to social partners was in effect: come to an agreement or become obsolete with respect to incomes policy in the market sector. And despite their continued differences of opinion, after the three years 1980-1982, social partners indeed favoured a bipartite agreement on incomes policy in the market sector more than the continuation of a completely government directed incomes policy in that sector that made them redundant. Incomes policy in the (semi-) public sector, however, remained firmly under government control, despite heavy opposition by the trade unions.

If the 'Wassenaar Agreement' of 1983 is to be taken as the start of a 'Polder Model', it was a 'Model' forced on social partners by the government. The 'Model' also applied only to the market sector. Incomes policy in the (semi-) public sector was completely under government control.

Summing up, the effective non-neo-corporatist government strategies in terms of agendas were an expression of the leading role of the government in negotiations on incomes policy under the condition of an institutional linkage between the market sector and the (semi-) public sector. In 1970 in the context of a positive macroeconomic performance; in 1983 and 1984 in the context of a negative macroeconomic performance.

6.2.4 *Conclusion*

The effectiveness of incomes policy of both the neo-corporatist and non-neo-corporatist varieties in terms of Central Agreements was 22.2% in the period 1965 - 1973, and decreased to an all time low of 11.1% in the following period 1974 - 1982. In contrast, in the next period 1983 - 1992, effectiveness of all incomes policies increased considerably to 50%. Effectiveness of incomes policy reached a peak of 75% in the last period under investigation: 1993 - 2000. However, over the whole period 1965 - 2000 Dutch incomes policy in terms of Central Agreements was only effective in a minority of 14 (38.9%) of the 36 years. Dutch incomes policy in terms of agendas was not effective in a majority of 22 (61.1%) of the 36 years. But in all periods neo-corporatist incomes policies were

indeed consistently more effective in terms of Central Agreements than non-neo-corporatist incomes policies.

I have discussed the exceptions: first, the eight years in which a neo-corporatist incomes policy was not effective, and secondly, the three years in which a non-neo-corporatist incomes policy turned out to be effective.

The ineffectiveness of neo-corporatist incomes policies was caused by the actors' behaviour. In 1973, the rank and file of social partners on the decentral levels could not deliver the agreement struck at the central level. In 1975, 1978, 1979, 1988, 1989, and 1995, one or both of the social partners in the end refused to come to a Central Agreement, despite compensating government policies. Governments did not revert to non-neo-corporatist strategies, either passive (I) or guiding (IV), in order to keep on speaking terms with social partners. Finally, in 2000, in the context of a booming economy, all three actors were quite happy to proceed with incomes policy without a Central Agreement.

This analysis shows that there is no direct link between neo-corporatist government strategies and the outcome of negotiations on incomes policy in terms of a Central Agreement. Whether or not a Central Agreement is reached depends on the behaviour of the social partners. In other words, the 'structure induced equilibrium' that is indeed adequately operational to approach the core depends on the behaviour of social partners.

The effectiveness of non-neo-corporatist incomes policies had to do with the government insisting on its leading role in incomes policy under the institutional condition of a linkage between the market sector and the (semi-) public sector. In 1970, a conflict between trade unions and the government about the new Law on Wage Formation spilled over to the substance of incomes policy in that year. In 1983 and 1984, in the context of a severe economic downturn, accompanied by rapidly rising unemployment and budget deficits, the government effectively forced social partners to come to an agreement in the market sector ('Wasseenaar'). The government subsequently concentrated its efforts on reducing the budget deficit by delinking the market sector and the (semi-) public sector and did not further intervene in incomes policy in the market sector. Hence, conditions to move closer towards the core were often simply absent.

6.3 Effectiveness of incomes policy in terms of outcome

Table 6.4 presents an overview of the outcome of the indicators for the preferences expressed in the agendas of the actors involved in incomes policy between 1965 and 2000. The preferences of the actors were identified in Table 6.1. Based on the outcome of these indicators, I will establish, firstly, whether it was likely that the core could have been approached. I will argue that the movement towards the core was most likely approached most closely in 13 of the 36 years (see Tables 6.5 and 6.6). Next I will answer the question whether the core was

Table 6.4: Outcome in terms of preferences expressed in the agendas of the actors involved in incomes policy 1965 – 2000

Year	Wages	APC	Hours	Transfers	Linkage	Unempl.	Inflation	Deficit
1965	11.1	-	45	11.5	-	.6	4.0	-1.4
1966	11.0	-	45	12.4	-	.8	5.8	-1.5
1967	8.8	+	44.5	12.8	-	1.6	3.5	-1.9
1968	8.9	+	44	16.2	-	1.5	3.7	-1.5
1969	13.4	+	43.5	16.8	-	1.0	7.5	-1.2
1970	12.8	+	43	17.4	-	.9	3.6	-1.4
1971	13.6	+	42.5	18.5	-	1.3	7.5	-1.1
1972	12.6	+	42.5	19.6	-	2.3	7.8	-.5
1973	15.8	+	42	20.4	-	2.3	8.0	.8
1974	15.6	+	41	20.7	+	2.8	9.6	.0
1975	12.8	+	40	24.1	+	4.0	10.2	-2.2
1976	10.9	+	40	23.3	+	5.5	8.8	-2.0
1977	8.7	+	40	23.9	+	5.3	6.4	-.8
1978	7.2	+	40	24.6	+	5.3	4.1	-2.3
1979	6.1	+	40	25.5	+	5.4	4.2	-3.0
1980	6.4	+	40	25.9	+	6.0	6.5	-4.2
1981	4.3	+	39.9	26.9	+	6.8	6.7	-5.4
1982	7.0	+	39.9	28.4	+	8.1	5.9	-6.6
1983	4.0	±	39.6	28.8	-	9.2	2.7	-5.8
1984	1.2	±	39.3	27.5	-	8.9	3.3	-5.5
1985	1.9	-	38.8	26.1	-	7.9	2.3	-3.6
1986	2.9	-	38.7	25.9	-	7.8	.1	-5.1
1987	1.6	-	38.6	26.4	-	7.7	-.7	-5.9
1988	1.1	-	38.6	25.4	-	7.2	.7	-4.6
1989	0.8	-	38.6	24.7	-	6.6	1.1	-4.7
1990	3.0	-	38.6	25.8	+	5.9	2.5	-5.1

Table 6.4: Outcome of preferences expressed in the agendas of the actors involved in incomes policy 1965 – 2000 (continued)

Year	Wages	APC	Hours	Transfers	Linkage	Unempl.	Inflation	Deficit
1991	4.4	-	38.5	26.0	+	5.5	3.2	-2.9
1992	4.1	-	38.5	26.4	±	5.3	3.2	-3.9
1993	2.9	-	38.5	26.6	±	6.2	2.6	-3.2
1994	2.4	-	n.a	25.4	-	6.8	2.8	-3.8
1995	1.3	-	39.2	20.2	-	6.6	1.9	-3.7
1996	1.4	-	39.1	19.9	+	6.0	2.1	-2.3
1997	2.5	-	38.5	19.0	+	4.9	2.2	-1.4
1998	3.3	-	38.5	18.1	+	3.8	1.8	-1.7
1999	2.9	-	38.4	17.6	+	3.2	2.0	-1.6
2000	4.3	-	38.5	17.0	±	2.8	2.3	.4

Wages: Total rise of wage sum per employee including social security premiums paid by employers, percentage change from previous year. From 1965 – 1969 in companies (including public transport, public utilities, and other public companies). From 1970 – 2000 in the market sector (excluding public transport, public utilities, and other public companies) (source: Macro-Economische Verkenningen (MEV) 1965-2002).

APC: Automatic price compensation (indexation). Initiated in 1967 in the collective agreement between trade unions and Philips. From 1969 included in most other collective agreements as well. In 1983 and 1984 the APC was put on hold as part of the 'Wassenaar Agreement'. From 1985 the *automatic* indexation of wages was no longer included in collective contracts (source: Appendix).

Hours: Contractual working hours per week for full time employees. 1965 – 1993 working week computed on the basis of collective contracts. 1995 – 2000 computed on the basis of the 'Enquete werkegelegenheid en lonen' (Enquiry into employment and wages, an annual survey among employees and businesses). 1980 – 2000 including working hours per week in the (semi-) public sector and working time reduction by extra holidays (sources: Appendix I and CBS).

Transfers: Social security transfers: total social security transfer payments as a percentage of GDP. Social security transfers in the Netherlands show a sudden unexplained sharp drop of some 10 percentage points of GDP between 1994 and 1995. According to the OECD *Economic Outlook 2001* 4.9 percentage points of this 10 per cent drop in 1995 are due to new definitions and a new way of accounting in the Netherlands. Part of this adjustment may be the result of semi-privatization of former government agencies. A comparable difference (5.1 percentage points) is noted for social expenditures (including social security transfers) in the Netherlands in 1998. Accordingly, the social security transfers for the Netherlands from 1995 have been adjusted upwards with 5 percentage points of GDP (sources: OECD; various editions of *Economic Outlook*, *Labour Force Statistics*, *Employment Outlook*).

Linkage: Linkage of market sector and (semi-) public sector. Linked (+), delinked (-), or partially linked (±). The linkage came in force in 1974 with the policy package of the Den Uyl Government (PvdA, KVP, ARP, D66, PPR) that included the Law on the statutory minimum wage. Delinkage by the Government Lubbers I (CDA, VVD) in 1983. From 1990 the (re)linkage depended on economic circumstances and was decided by the government on an annual basis (source: Appendix).

Unempl.: Unemployment; standardized unemployment rates as a percentage of the total labour force aged 15-64 (sources: OECD; various editions of *Economic Outlook*, *Historical Statistics*, *Labour Force Statistics*, *Employment Outlook*).

Inflation: Consumer price index, percentage change from previous year (sources: OECD; various editions of *Economic Outlook*, *Historical Statistics*, *Labour Force Statistics*, *Employment Outlook*).

Deficit: Budget deficit; general government gross public debt in percentage of GDP (sources: OECD; various editions of *Economic Outlook*, *Historical Statistics*, *Labour Force Statistics*, *Employment Outlook*).

indeed approached more often and more closely in the years that the government concluded its involvement in incomes policy with a neo-corporatist strategy. I will argue that that was indeed more often the case. There was twice as much movement towards the core, and the core was also more closely approached, in the years that the government's concluding strategy was neo-corporatist (see Table 6.8).

Thirdly, I will discuss the relation between the core situations observed and the concluding styles of decision-making of trade unions and employers' organisations. I will argue that there was, apparently, no relation between approaching the core and a particular style of decision-making (see Table 6.9).

Finally, I will discuss whether the core was more often and more closely approached in the years that a Central Agreement was reached. That is, whether the core was more often and more closely approached in those years that the actors involved in incomes policy were able to conclude a successful reordering of the preferences on their respective agendas. I will argue that there was, apparently, a positive relation as well between reaching a Central Agreement and approaching the core. However, with regard to how closely the core could be approached, there appears to have been a patterned variation (see Table 6.10).

6.3.1 *Moving towards the core*

In Table 6.5, the match between preferences and actual outcome between 1965 and 2000 is elaborated. Given the actors' conflicting preferences (see section 6.1 and Table 6.1), I assume that substantively and empirically a movement towards the core can be detected in the following ways:

- (4) all actors are able to realise a balanced match between their preferences and actual outcome (what actors lose on one preference they win on another and all actors win or lose more or less the same). This situation represents an empirical movement closest towards the ideal point represented by the core⁴²;
- (3) two of the three actors are able to realise a positive match between their preferences and actual outcome, whereas one actor is able to achieve a balanced match. This situation also represents an empirical movement towards the ideal

42. Logically, the ideal core situation can represent the following three situations:

- all three actors are able to realise all their preferences in actual outcome (a win-win-win situation);
- all three actors are able to realise a balanced match between their preferences and actual outcome (a balanced situation);
- all three actors are to the same extent unable to realise all their preferences in actual outcome (a lose-lose-lose situation).

Empirically and substantively, however, I contend that the core represents a balanced match between all actors' preferences and actual outcome, given the actors' conflicting preferences that make both a win-win-win and a lose-lose-lose situation unfeasible (see section 6.1 and Table 6.1).

point represented by the core, but the core is not as closely approached as in the situation that all actors are able to achieve a balanced match (4), as the actor achieving a balance would prefer an alternative agreement;

- (2) one actor is able to realise a positive match between preferences and outcome, whereas two actors are able to achieve a balanced match. This situation also represents an empirical movement towards the ideal point represented by the core, but the core is less closely approached as in the situation that two actors are able to achieve a positive match (3), or all actors are able to achieve a balance (4), as the two actors achieving a balance would both prefer an alternative agreement;
- (1) finally, in all other situations at least one of the actors achieves a negative match between preferences and outcome. This situation does not represent an empirical movement towards the core. The actor achieving a negative match would certainly prefer an alternative agreement.

It appears that in 13 of the 36 years (36.1 %) the outcome was actually most likely approaching a core situation (see Table 6.6). In the remaining 23 years (63.9%), no movement towards the core could be observed. In other words, Dutch incomes policy between 1965 and 2000 was apparently quite ineffective with respect to achieving a balanced match between the preferences of all actors involved in comes policy and actual outcome.

The distribution of the movements towards the core observed over the four periods identified in chapter 5 is:

- 1965 - 1973 three core situations: 1965, 1966, 1968;
- 1974 - 1982 four core situations: 1976-1979;
- 1983 - 1992 two core situations: 1991, 1992;
- 1993 - 2000 four core situations: 1996-1998, 2000 (see Table 6.7).

Between 1965 and 1973, the preferences of trade unions were best matched with actual outcome. The match between the preferences of employers' organisations and actual outcome in this period was usually negative. The match between the preferences of the government and actual outcome was generally more or less balanced; a negative outcome on one or more of the relevant indicators was usually balanced by a positive outcome on other indicators.

The movements towards the core detected in this period reflect this situation. Although some movement towards the core could be detected, some distance between actual outcome and all three actors' preferences remained. Two of the core situations score 3 (1966, 1968) and one scores 2 (1965).

Between 1974 and 1982, the preferences of trade unions were still best matched with actual outcome. However, the number of years in which their preferences and actual outcome were more or less balanced greatly increased at the expense of the number of years in which that match was positive. In three of these years the movement towards the core most likely approached the core most closely

Table 6.5: The match between preferences and outcome 1965 – 2000

Year	NCS/CA	SIEQ	Core	Match	Balance	Negative
1965	+/+	4	3	Positive	Trade unions	
1966	-/-	1	2	Government/Employers	Government/trade unions	
1967	-/-	1	1	Employers	Government	Employers
1968	-/-	1	2	Trade unions	Government/employers	
1969	-/-	1	1	Trade unions	Government	Employers
1970	-/+	2	1	Trade unions	Government	Employers
1971	-/-	1	1	Trade unions	Government	Government/employers
1972	-/-	1	1	Trade unions	Government	Employers
1973	+/-	3	1	Trade unions	Government	Employers
1974	-/-	1	1	Trade unions	Government/employers	Government/employers
1975	+/-	3	1	Trade unions	Government/employers	Government/employers
1976	-/-	1	4		All actors	
1977	+/+	4	2	Employers	Government/trade unions	
1978	+/-	3	4		All actors	
1979	+/-	3	4		All actors	
1980	-/-	1	1		Trade unions	Government/employers
1981	-/-	1	1		Trade unions/employers	Government
1982	-/-	1	1	Trade unions	Government/employers	Government/employers
1983	-/+	2	1	Employers	Government	Trade unions
1984	-/+	2	1	Employers	Government/trade unions	Government/trade unions
1985	-/-	1	1	Government/employers	Trade unions	Trade unions
1986	-/-	1	1	Employers	Government	Trade unions
1987	+/+	4	1	Employers	Government/trade unions	Government/trade unions
1988	+/-	3	1	Government/employers	Trade unions	Trade unions
1989	+/-	3	1	Government/employers	Trade unions	Trade unions
1990	+/+	4	1		Employers/trade unions	Government
1991	+/+	4	4		All actors	

Table 6.5: The match between preferences and outcome 1965 – 2000 (continued)

Year	NCS/CA	SIEQ	Core	Match Positive	Balanced	Negative
1992	-/-	1	4		All actors	
1993	+/+	4	1	Government/employers		Trade unions
1994	+/+	4	1	Employers	Government	Trade unions
1995	+/-	3	1	Government/employers		Trade unions
1996	+/+	4	3	Government/employers	Trade unions	
1997	+/+	4	3	Government/employers	Trade unions	
1998	+/+	4	3	Government/employers	Trade unions	
1999	+/+	4	1	Government/employers		Trade unions
2000	+/-	3	3	Government/employers	Trade unions	

NCS/CA: Neo-corporatist incomes policy (+) or non-neo-corporatist incomes policy (-)/Central Agreement yes (+) or no (-) (source: Appendix).

SIEQ: 'structure induced equilibrium' is a rank order of NCS/CA. A non-neo-corporatist incomes policy (-) plus no Central Agreement (-) scores 1; a non-neo-corporatist incomes policy (-) plus a Central Agreement (+) scores 2; a neo-corporatist incomes policy (+) plus no Central Agreement (-) scores 3; and a neo-corporatist incomes policy (+) plus a Central Agreement (+) scores 4.

Core: 'Core' represents the agreement that is preferred by all actors involved in incomes policy above all other alternatives and that cannot be improved by any other alternative (Shepsle 1997: 261-265). In this Table, the 'core' signifies the movement towards the best possible match between the preferences of the three actors involved in incomes policy (see Table 6.1) and the outcome of the indicators representing these respective preferences (see Table 6.4). The numbers indicate (4) that the core was most closely approached in that there was a balance struck between the actors' preferences; (3) two of the actors involved had a positive match between their preferences and actual outcome and one actor a balanced match; (2) one actor had a positive match and two actors had a balanced match; (1) all other cases. Scores 2, 3, and 4 represent a movement towards the core in ascending order; score 1 indicates that there was no (or very little) movement towards the core.

Match indicates the extent to which actors' preference match the outcome in a given year. In the years that the 'core' was most closely approached, there was obviously a balance struck between the actors' preferences and actual outcome. Positive indicates which actor(s) preferences best matched outcome in a given year, negative which actor(s) preferences least matched outcome in a given year.

Explanation: Table 6.5 was constructed on the basis of the information contained in Table 6.4. As usual all years were researched as separate sub-cases. Therefore this exercise represents a cross-sectional analysis. In stead of measures like moving averages I have chosen to discuss trends by dividing the period 1965 – 2000 in four sub-periods (see chapter 5). My classification of the different years in terms of movement towards the core is based on outcome figures given in Table 6.4. However, at the end of the day the classification is based upon my qualification of the match between the actors' preferences and actual outcome in the different years. To give an example, I will show how I reached the qualification of the year 1972 in terms of movement towards the core. First the match between preferences and actual outcome with regard to the terms of employment:

- wage rises were quite high (trade unions positive; employers' organisations negative);
- the automatic price compensation was in force (trade unions positive; employers' organisations negative);
- working hours remained stable (trade unions balance; employers' organisations balance).

Secondly, with regard to social policy:

- social security transfers went up (government negative; trade unions positive);
- unemployment went up slightly (government balance; trade unions balance);
- the linkage was not yet an issue (no score).

Finally, with respect to economic policy:

- inflation remained quite high (government negative; employers' organisations balance);
- the budget deficit went down (government positive; employers' organisations balance).

Trade unions were able to realise their preferences both on the issue of terms of employment and social policy (positive). Some of the preferences of the government were matched by actual outcome, others were not (balance). Most of the preferences of the employers' organisations were not matched by actual outcome, nor was this negative outcome sufficiently compensated by actual outcome on other issues (negative). In terms of movement towards the core the different matches taken together represent a large distance from the core. Hence, 1972 is scored (1) in terms of movement towards the core.

Table 6.6: Moving towards the core 1965 – 2000

Core	Match actors	Years	Total
4	All balanced	1976 1978 1979 1991 1992	5
3	Two actors positive; one actor balanced	1965 1996 1997 1998 2000	5
2	One actor positive; two actors balanced	1966 1968 1977	3
1	None of the above	Remaining years	23
Total			36

Source: Table 6.5

(1976, 1978, and 1979). These core situations score 4. In another year there was also some movement towards the core, but the core was less closely approached (1977). The core situation in this year score 2.

The match between the preferences of employers' organisations and actual outcome improved, partly due to approaching a core situation in this period. Finally, the match between the preferences of the government and actual outcome diminished considerably, despite the four years in which a core was approached.

Between 1983 and 1992, the preferences of trade unions were least best matched with actual outcome, despite the two years in which a core was approached most closely (1991, 1992). The core situation in these years scores 4. The preferences of employers' organisations in this period were best matched with actual outcome, although in the years that the movement towards the core could be observed that match was less positive than in the remaining years. The match between the preferences of the government and actual outcome, finally, improved considerably. Approaching the core in two years added to this improved match. Between 1993 and 2000, the preferences of trade unions were again least matched with actual outcome, although the match improved compared to the previous period. The preferences of employers' organisations in this period remained best matched with actual outcome. The match between the preferences of the government and actual outcome again improved considerably and reached almost the same level as that of employers' organisations.

Nevertheless, in four years a movement towards the core could be observed (1996-1998, 2000). However, the core was less closely approached as in the previous period. The core situations in this period score 3.

The trends with respect to the match between preferences and outcome for the separate actors that can be observed for the whole period between 1965 and 2000 were:

- the preferences of trade unions were best matched with actual outcome between 1965 and 1973. That match diminished between 1973 and 1982, but remained positive. Between 1983 and 1992, that match diminished further and became negative. Finally, between 1993 and 2000, the match improved somewhat but did not come anywhere near the levels achieved between 1974 and 1982, let alone those achieved between 1965 and 1973;
- the match between the preferences of employers' organisations and actual outcome shows the opposite pattern of that of trade unions. The match was negative between 1965 and 1973, consistently improved between 1974 and 1992, and, finally, became completely positive between 1993 and 2000;
- the match between the preferences of the government and actual outcome shows a more varied pattern. The match was more or less balanced between 1965 and 1973 and considerably diminished between 1974 and 1982. Between 1983 and 1992 the match improved and finally became almost completely positive between 1993 and 2000.

Table 6.7: The match between preferences and outcome per period

Actor	1965 - 1973			1974 - 1982			1983 - 1992			1993 - 2000		
	Positive	Balance	Negative	Positive	Balance	Negative	Positive	Balance	Negative	Positive	Balance	Negative
TU	7	2	0	3	6	0	0	3	7	0	4	4
Emp	2	1	6	1	4	4	7	3	0	8	0	0
Govt	1	7	1	0	4	5	3	4	3	7	1	0
Core	3			4			2			4		

TU: Trade unions.
Emp: Employers' organisations.
Govt: Government.
Source: Table 6.5.

These trends appear to follow changes in the macroeconomic context rather closely (see section 6.3.5 and chapter 5). Trade unions were best able to realise their preferences in actual outcome during periods of macroeconomic prosperity, whereas employers' organisations did better during periods of macroeconomic adversity (with the exception of the period 1993 - 2000). In other words, there seems to be an inverse relationship between moving *towards* the core, due to economic circumstances. Hence, 'finding' the core may well be helped by a 'structure induced equilibrium' (Central Agreement), but is also influenced by macroeconomic conditions.

6.3.2 *Moving towards the core and government strategy*

In this section the question will be answered whether a concluding neo-corporatist government strategy was indeed more effective in terms of approaching the core than a non-neo-corporatist government strategy. In section 6.3.1 I have argued that Dutch incomes policy in general was quite ineffective in approaching

Table 6.8: Moving towards the core and concluding government strategy 1965 – 2000

Core	Neo-corporatist strategy	Non-neo-corporatist strategy	Total
4	3 (1978, 1979, 1991) (15.8%)	2 (1976, 1992) (11.8%)	5
3	5 (1965, 1996-1998, 2000) (26.3%)	0	5
2	1 (1977) 5.3%	2 (1966, 1968) (11.8%)	3
1	10 (52.6%)	13 (76.4%)	23
Total	19	17	36

Source: Tables 6.5 and 6.7.

Table 6.9: Moving towards the core and concluding styles of decision-making 1965 – 2000

Core	Style of decision-making			Total
	A: confrontation	B: bargaining	C: problem solving	
4	2 (1979, 1992) 20%	3 (1976, 1978, 1991) 14.3%	0	5
3	0	5 (1965, 1996-1998, 2000) (23.8%)	0	5
2	0	3 (1966, 1968, 1977) (14.3%)	0	3
1	8 (80%)	10 (47.6%)	5 (100%)	23
Total	10	21	5	36

Source: Tables 6.5 and 4.9.

a core situation between 1965 and 2000. However, a neo-corporatist government strategy was considerably more effective than a non-neo-corporatist government strategy with regard to approaching the core (see Table 6.8).

In nine of the 13 years that a movement towards the core could be observed, the government concluded its involvement in incomes policy with a neo-corporatist government strategy. In the remaining four years, the government concluded its involvement in incomes policy with a non-neo-corporatist government strategy. In 1966 and 1976 it was the guiding (IV) strategy, and in 1968 and 1992 it was the passive (I) strategy. Apparently, a neo-corporatist government strategy was considerably more effective with regard to approaching the core than a non-neo-corporatist government strategy, like it was with regard to reaching a Central Agreement as well (see section 6.2).

6.3.3 Moving towards the core and styles of decision-making

There appears to be no relation between styles of decision-making of trade unions and employers' organisations and approaching the core (see Table 6.9).

Most concluding styles of decision-making are of the bargaining variety (B), and this is also true for most (11) of the movements towards the core observed between 1965 and 2000. It is interesting to note that a problem solving style of decision-making (C) apparently was not conducive to approaching the core; whereas a confrontational style of decision-making (A) did contribute to approaching a core situation in two of the years.

Apparently, as was the case with reaching Central Agreements (see section 6.2 and chapters 4 and 5), approaching the core was not facilitated by co-operation between trade unions and employers' organisations. On the contrary, more or less 'tough' negotiations on incomes policy - confrontation and bargaining - appear to have been more conducive to both reaching a Central Agreement and approaching a core situation between 1965 and 2000.

6.3.4 Moving towards the core and Central Agreements

In this section I will explore the relation between Central Agreements and approaching the core. The question to be answered is whether in the years that the actors involved in incomes policy were able to reach a Central Agreement, a movement towards the core could be observed more often than in the years that no Central Agreement was reached. Table 6.10 shows that reaching a Central Agreement was positively related with approaching the core.

With regard how close a core situation could be approached, a patterned variation can be observed. In the years that a Central Agreement was reached, the core was usually moderately closely approached: most movements towards the core in these years score 3. In the years that no Central Agreement could be reached, the movement towards the core showed more variation. In four of these

years the core was most closely approached and these score 4. In three of these years the core was less closely approached and these score 2.

In other words, some sort of trade-off seems to have occurred between 1965 and 2000. When a Central Agreement was reached, a moderate movement towards the core could be observed. When no Central Agreement could be reached, the movement towards the core came either closer to a core situation than in combination with a Central Agreement, or less closer, but still moving towards a core situation. More or less 'tough' negotiations on incomes policy between social partners - confrontation and bargaining - appear to have been conducive to both reaching a Central Agreement and approaching a core situation between 1965 and 2000 (see also section 6.2 and chapters 4 and 5).

6.3.5 Moving towards the core, government strategy, style of decision-making and Central Agreements

In line with what I expected, both concluding neo-corporatist government strategies and Central Agreements apparently were conducive to approaching the core. Reaching a Central Agreement considerably increased the likelihood that a core was approached. A Central Agreement was more often reached by 'tough' negotiations between social partners - either confrontation or bargaining - than by a co-operative style of decision-making (problem solving).

Conversely, the effectiveness of non-neo-corporatist government strategies was slightly increased if no Central Agreement could be reached (see Table 6.11 and Figure 6.1)

A relation can be observed between the actors' behaviour in terms of government strategies, styles of decision-making, and reaching Central Agreements, on the one hand, and approaching the core in terms of a match between actors' preferences and actual outcome, on the other hand. The movement towards the core was increased by two combinations of actors' behaviour. First, by neo-corporatist government strategies resulting in Central Agreements that could be reached by more or less 'tough' negotiations between social partners. Second, but to a much lesser extent, by non-neo-corporatist government strategies under the condition that no Central Agreement could be reached based on 'tough' negotiations between social partners. However, judging from the trends observed in section 6.3.1, actual outcome in terms of preferences between 1965 and 2000 was also influenced the macro-economic context. Changes in the macroeconomic context had a bearing on the potential of actors to realise their preferences in actual outcome.

Trade unions were able to realise or balance their preferences in actual outcome best during periods of economic prosperity. Employers' organisations showed a reversed pattern with regard to their preferences and actual outcome (except during the period 1993 - 2000). The government, finally, showed a more varied pattern due to its intermediate position between trade unions and employers'

Table 6.10: Moving towards the core and Central Agreements 1965 – 2000

Core	Central Agreement	No Central Agreement	Total
4	1 (1991) (7.1%)	4 (1976, 1978, 1979, 1992) (18.2%)	5
3	4 (1965, 1996-1998) (28.6%)	1 (2000) (4.5%)	5
2	1 (1977) (7.1%)	3 (1966, 1968) (9.1%)	3
1	8 (57.1%)	15 (68.2%)	23
Total	14	22	36

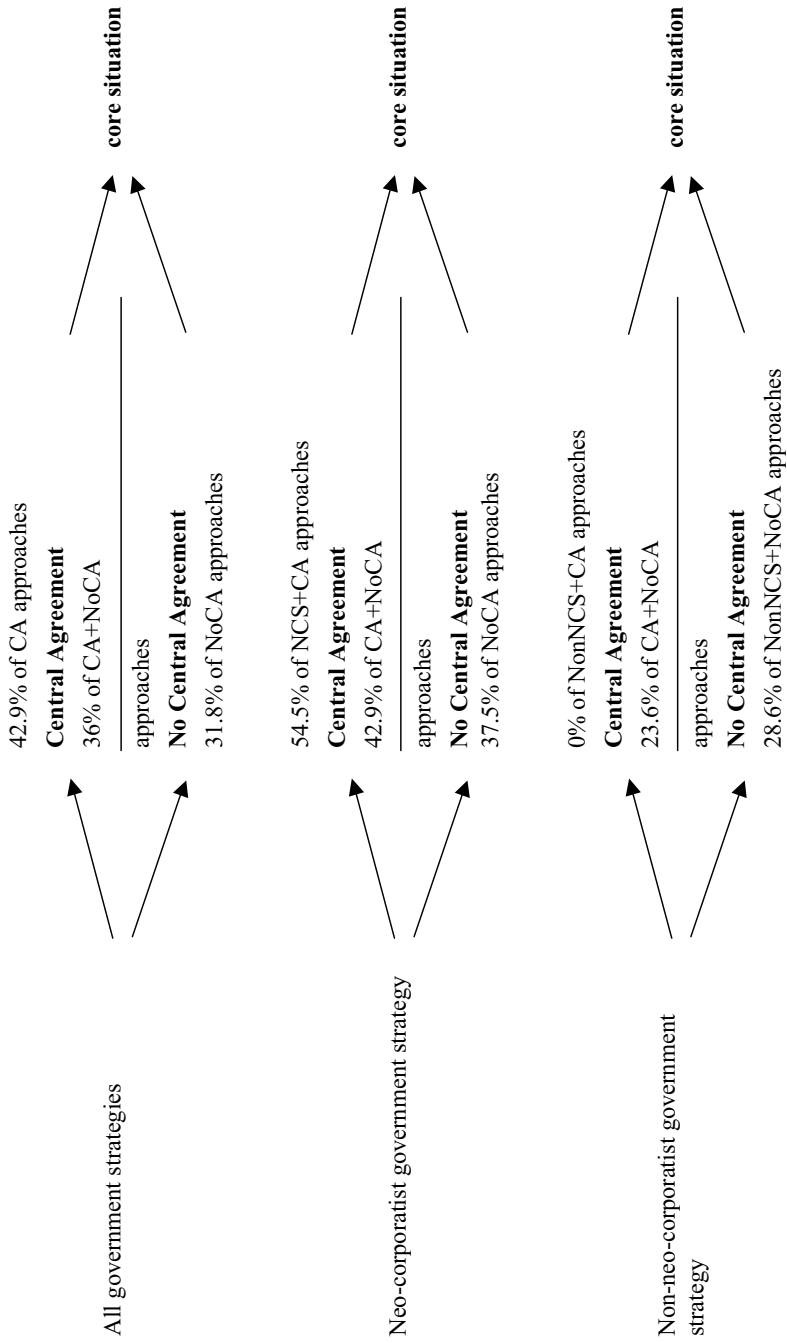
Source: Table 6.5.

Table 6.11: Moving towards the core, government strategy, style of decision-making, and Central Agreements 1965 – 2000

Core	Neo-corporatist strategy		Non-neo-corporatist strategy		Total
	CA	No CA	CA	No CA	
4	1 (1991 - B) (9.1%)	2 (1978 - B, 1979 - A) (25%)	0	2 (1976 - B, 1992 - A) (14.3%)	5
3	4 (1965 - B, 1996-1998 - B) (36.4%)	1 (2000 - B) (12.5%)	0	0	5
2	1 (1977 - B) (9.1%)	0	0	2 (1966 - B, 1968 - B) (14.3%)	3
1	5 (45.5%)	5 (62.5%)	3 (100%)	10 (71.4%)	23
Total	11	8	3	14	36

Source: Tables 6.5, 6.9 and 4.9.

Figuur 6.1: Moving towards the core, government strategy en Central Agreements



organisations, except in the period 1993 - 2000. In that period, the government had the same level of success in matching its preferences with actual outcome as employers' organisations.

The combination of the actors' behaviour and the macroeconomic context was reflected in how closely a core situation could be approached in the various periods:

- 1965 - 1973: two core situations with score 3; one with score 2
- 1974 - 1982: three core situations with score 4; one with score 2;
- 1983 - 1992: two core situations with score 4;
- 1993 - 2000: four core situations with score 3 (see also Tables 6.6 and 6.7).

6.4 *Concluding remarks*

In this chapter I have discussed the effectiveness of Dutch incomes policy in terms of the agendas of the actors involved. This discussion provides the answer to research question 2:

Was Dutch incomes policy between 1965 and 2000 effective in terms of the agendas of actors involved?

With respect to Central Agreements, the final answer to research question 2 must be that Dutch incomes policy between 1965 and 2000 was more often not effective than effective in terms of the agendas of the actors involved, especially between 1965 and 1982. Neo-corporatist incomes policies were indeed more often effective than non-neo-corporatist incomes policies in this respect, especially after 1992.

I contend, however, that this does not support the emergence of a 'Polder Model', neither starting in 1983, nor in the 1990s (see also chapter 2, section 2.3; chapter 4; and chapter 5, sections 5.3 - 5.5). In effect, the 'Model' of negotiations on incomes policy between 1965 and 2000 did not change dramatically over the years. What did change was the effectiveness of that incomes policy in terms of Central Agreements. Increased effectiveness of negotiations on incomes policy in terms of Central Agreements after 1982, however, can be explained in terms of the actors' behaviour during the annual negotiations on incomes policy in a context of institutional change due to macroeconomic and other externalities (EMU). A neo-corporatist government strategy, combined with a Central Agreement that was reached through more or less 'tough' negotiations between social partners, increased actual outcome in terms of approaching the core. To a (much) lesser extent that was also the case for non-neo-corporatist government strategies when no Central Agreement could be reached through 'tough' negotiations between social partners. The macroeconomic context appeared to influence the actors' potential to approach a match between their preferences and actual outcome. That was reflected in how often and how close a core situation could be approached, given the combination of actors' behaviour in terms of government strategies, Central Agreements and 'tough' negotiations between social partners.

7. Neo-corporatism and social democracy

In this chapter I will investigate the relation between neo-corporatism and social democracy as indicated by government composition. The questions to be answered are, firstly, to what extent a neo-corporatist government strategy coincides with social democratic participation in coalition government. Secondly, what was the effectiveness of these neo-corporatist government strategies in terms of the agendas of the actors involved in incomes policy (see chapter 6).

Quite a few students of neo-corporatism have indeed found a strong relation between social democratic participation or even dominance in government and neo-corporatism comparatively (see for instance Cameron 1978, 1984; Marks 1986; Zimmermann 1986; Curtis 1987; Wilson 1990; Kurzer 1991; Western 1991; Crepaz 1992; and Keman 1993; see also Siaroff 1999 and chapter 2). According to most researchers the function of neo-corporatism is to cope with world market fluctuations and to further a positive macroeconomic performance. An essential aspect of neo-corporatism is in their view the effectuation of some sort of exchange between government and trade unions: government expenditure on social security (including unemployment benefits) or welfare in general, in return for a policy of wage moderation by the trade unions. Through the traditional links between trade unions and social democratic parties, social democratic participation in or dominance of government is seen by many as a prerequisite for the effectuation of this exchange. Social democratic (participation in) government can provide for both social security (or welfare) and in exchange for acquiescent trade unions that moderate their wage and other income related demands.

In chapter 2, section 2.2, I have argued that for the Dutch case the link between neo-corporatism and social democratic participation or even dominance in government is, however, more complex. In the Netherlands, social democracy - represented by the PvdA - has always been part of coalition governments when in government. Between 1965 and 2000, when the PvdA was in government, the

party either governed with the CDA or its precursors, or with the VVD and D66. Until 1994, the CDA was usually both the median and largest party in parliament and was always included in government (Laver and Schofield [1990] 1998: 113, 117, 118). That is to say, until 1994 the CDA usually was the pivot party that dominated the centre space in the Dutch party system and was the largest party in parliament (Keman 2002a: 16; see also Keman 1997: 87, 104-111; van Kersbergen 1997, 1999; Figure 7.1).⁴³ In 1994, the PvdA took over the position as largest party in government and parliament from the CDA, but the CDA remained the central or median party. In other words, for the major part of the period 1965 to 2000, Dutch neo-corporatism appears not to be the product of social democracy per se, but rather of christian democratic (participation in) government with or without social democracy. At first sight, therefore, it seems more convincing to argue that in the Netherlands, christian democracy is apparently equally committed to the political provision of welfare as social democracy (see Budge and Keman 1990: 142).

Hence, the straightforward hypothesis regarding the relation between social democratic government and neo-corporatist government strategies can not be validated for the Netherlands from a comparative perspective. Yet, by focusing on government composition and related measures, we can investigate the relation between neo-corporatism and either christian or social democracy in the Netherlands more closely (see Woldendorp et al 2000).

Although christian democracy and social democracy are often together in government, this does not, however, mean that in the Netherlands they are 'natural' coalition partners, as is shown by their relative distances on the Left-Right index in Figure 7.1.

Based on the policy distances between Left and Right, the CDA was the central party between 1965 and 2000. After 1982, policy distances between Left and Right diminished and the respective parties converged. From that perspective, the 1994 'purple'⁴⁴ coalition was less surprisingly than the continuation of that coalition in 1998.

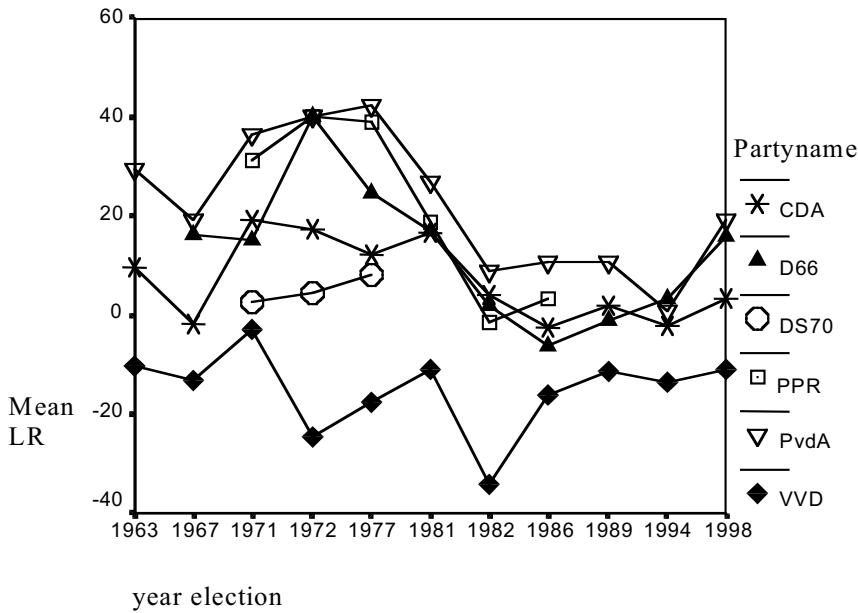
In chapter 5, I have given a brief overview of some major political developments in the Netherlands during the period 1965 - 2000 (Woldendorp et al 2000; see also Daalder 1995; Andeweg and Irwin 1993, 2002; chapter 2, section 2.6; and chapter 3, section 3.2.2.1)

These included the fragmentation of the established, pillarised party system in the 1960s and early 1970s that resulted in the emergence of a parliamentary

43. In the 1977 and 1982 elections, the PvdA became the largest party in parliament, but CDA and VVD together commanded a majority in parliament and subsequently formed a coalition government (see also chapter 3, section 3.2.2.1 and Tables 3.1 and 3.2, and chapter 5, section 5.2).

44. 'Purple' being the result of mixing the 'red' of the PvdA with the 'blue' of the VVD.

Figure 7.1: Left versus Right 1963 - 1998



Note: Left-Right index based on Pennings and Keman (2003: 55) who use and adaptation of Klingemann et al (1994). The index is based on the data published by Budge et al (2001). The Left-Right scale is computed as left issues minus right issues. The maximum value of the scale is 100 (all emphasis on left issues). The minimum value of the scale is -100 (all emphasis on right issues). CDA prior to 1977 is KVP, ARP, and CHU combined. Parties are positioned on the Left-Right dimension on the basis of their coded party manifestos for each election. This position is used as a simple yardstick to show the distance between parties and the change over time.

Left issues

Anti-imperialism
Internationalism: positive
Peace
Democracy
Market regulation
Economic planning
Protectionism: positive
Controlled economy
Nationalisation
Welfare state expansion
Education expansion
Labour groups: positive

Right issues

Military: positive
Constitutionalism: positive
Individual freedom
Governmental and administrative efficiency
Free enterprise
Incentives to induce enterprise
Protectionism: negative
Economic orthodoxy
Welfare state limitation
Law and order
Social harmony

stalemate in the early 1970s. The confessional parties chose to govern with the VVD until they lost their combined majority in parliament in the early 1970s. However, the PvdA together with the other centre and left parties could not command a majority either (Andeweg and Irwin 2002: 98). In the late 1960s, the PvdA started its 'polarisation' strategy against the KVP and the VVD (see Figure

7.1 and Andeweg and Irwin 2002: 40-42), believing that the decline of the confessional parties in the end would result in a realignment of the party system that would profit both the PvdA (left) and the VVD (right).

Between the mid 1970s and early 1980s, coalition governments went back and forth between centre-left coalitions of CDA⁴⁵ and PvdA (Den Uyl, van Agt II) and centre-right coalitions of CDA and VVD (van Agt I, Lubbers I). Whenever feasible, based on the number of seats in parliament, the CDA continued to opt for a centre-right coalition with the VVD, as the PvdA persisted in its strategy of 'polarisation' against KVP and VVD (see Figure 7.1). Coalition governments with the PvdA (and other centre or left parties) were only concluded when CDA and VVD together could not command a majority in parliament (see also Daudt 1982).

In the 1980s and early 1990s, both centre-left and centre-right coalitions were feasible based on the number of seats in parliament for each coalition government. The CDA was both the dominant and central party in parliament and government and determined whether it was to be a centre-right coalition with the VVD (Lubbers I & II), or a centre-left coalition with the PvdA (Lubbers III). As the PvdA had discontinued its 'polarisation' strategy after the failed Van Agt II (CDA, PvdA, D66) government of 1981 - 1982, the CDA (re)considered the PvdA as a potential coalition partner (see Figure 7.1).

The Van Agt II government was an uncomfortable coalition of PvdA, CDA and D66. CDA and VVD, the previous coalition parties, sustained losses in the 1981 elections, and so did the PvdA. D66 was the winner of these elections and doubled in size. But the three parties, especially PvdA and CDA, differed greatly in their views on budgetary and socio-economic policy. These differences were duly noted in the government's policy program (*Regeerackoord*). However, no policy compromises were formulated. Substantive policy decisions were left to the government ministers who subsequently failed to agree on policy making (Timmermans 2003: 75-88; see also Figure 7.1). The result of this coalition formation, which was primarily based on office seeking behaviour of the participating political parties, was an unstable government coalition that quickly foundered when in a period of severe economic crisis agreement on substantive policy decisions (policy seeking) could not be reached.

In the mid 1990s a major change in coalition government occurred. Both CDA and PvdA lost heavily in the 1994 elections that followed the Lubbers III (CDA, PvdA) government. However, the CDA lost more seats than the PvdA who became the largest party in parliament. The centre-left coalition of CDA and PvdA

45. From 1975, the confessional parties KVP, ARP, and CHU contested elections with one party list, CDA. In 1980, the separate party organisations merged as well (see ten Napel 1992; chapter 2, section 2.6; and chapter 3, section 3.2.2.1).

that was dominated by the CDA (Lubbers III) was replaced by the ‘purple’ coalition in which PvdA (left) and VVD (right) co-operated (Kok I & II). For the first time since 1917, the CDA (or one or more of its forebears) was not in government. And for the first time since 1951, PvdA and VVD were together in government again.

The first ‘purple’ coalition (Kok I) of 1994 was a minimal winning coalition of PvdA+D66+VVD, which was forced by D66, who refused to consider a centre-right coalition government with the CDA and the VVD which was also an option based on the number of seats in parliament and the ideological distances between these parties in terms of Left and Right (see Table 7.1 and Figure 7.1). The second ‘purple’ coalition of 1998 (Kok II) was an oversized coalition of PvdA, D66, and VVD (Table 7.1).

The policy program of the Kok I (PvdA, D66, VVD) government was a classic example of the functions of a *Regeerackoord* in Dutch coalition government (Timmermans 2003: 111-131). Socio-economic policy issues were the central issues in the program. On all issues, ranging from employment, privatization and tightening of social security legislation, to budgetary policy, explicit compromises and review procedures were formulated. Helped by accelerating economic growth, the policy program seemingly enhanced the government’s policy making efficiency.

Above I have already briefly referred to the policy programs of some of the coalition governments in the Netherlands between 1965 and 2000. As of 1963, coalition governments in the Netherlands formulated their policy programs in *Regeeracorden*, literally: government agreements (see also Daalder 1987; Keman 1996a, 2002). During the period under investigation, these policy programs dramatically increased in size: from 3,500 words on average in the 1960s, 7,500 words in the 1970s, almost 20,000 words in the 1980s, to over 25,000 words in the 1990s (Timmermans 2003: 34).⁴⁶

These policy programs had two functions. They specified the policy agendas of the government on all relevant portfolios and competences, and they contained conflict prevention devices (Timmermans 2003: 21, 22). That usually increased the efficiency of coalition policy making (Timmermans 2003: 154). During coalition negotiations, manifest and potential policy conflicts were the main topics. The *Regeerackoord* served as a device to solve these conflicts by specifying substantive and procedural compromises (Timmermans 2003: 36; see also Toirkens 1988; Andeweg 1990; Bovend’Eert 1990; and Timmermans and Bakema 1990). In Dutch coalition governments, the distribution of portfolios is largely proportional to the respective party’s seats in parliament. Larger parties usually

46. Only in Belgium, policy programs in this period tended to be even larger (Timmermans 2003: 14).

get slightly less portfolios than their seats in parliament, smaller parties slightly more (Laver and Schofield [1990] 1998: 172, 175; see also Budge and Keman 1990; Woldendorp et al 2000: 395-401; and Andeweg and Irwin 2002: 101-120). With respect to the ministries claimed by respective coalition parties, the largest party usually takes the post of Prime Minister (PM).⁴⁷ When in coalition with either the PvdA or the VVD, the CDA, or its precursors, always took the portfolio of Social Affairs (which includes Labour), the Ministry directly responsible for incomes policy.⁴⁸ The other portfolios in the so-called 'socio-economic triangle' that were most directly involved in incomes policy were the ministries of Finance and Economic Affairs. With the exception of the short-lived governments Cals (KVP, ARP, PvdA) in 1965/66 and van Agt II (CDA, PvdA, D66) in 1981/82, in a coalition with the PvdA, the CDA always held two of the three portfolios in the 'socio-economic triangle', including Social Affairs (and Labour) (see also Budge and Keman 1990: 112-126). In coalitions with the VVD in the 1960s and 1970s (with the exception of the government De Jong (KVP, ARP, CHU, VVD), the CDA and its precursors also dominated the 'socio-economic triangle' with two portfolios, including Social Affairs (and Labour). In the Lubbers I and II governments in the 1980s, however, the CDA held on to the Ministry of Social Affairs (since 1981 including Labour), but the VVD took the two other portfolios in the 'socio-economic triangle': Economic Affairs and Finance (see also Timmermans 2003: 89-110).

It was only in the 'purple' coalition from 1994 with the VVD and D66, that the PvdA became the dominant party in government and held both the office of PM and the Ministry of Social Affairs. The remaining two ministries in the 'socio-economic triangle' in the Kok I (PvdA, D66, VVD) government were proportionally distributed over the other two coalition parties: Economic Affairs went to D66, the VVD took Finance. In the Kok II (PvdA, D66, VVD) government the VVD acquired the Ministry of Economic Affairs as well, due to the large losses of D66 in the 1998 parliamentary elections (Woldendorp et al 2000: 395-401; see also chapter 3, section 3.2.2.1 and Tables 3.1 and 3.2; and Table 7.1).

So the conclusion is that in the Netherlands, due to the negotiations game played during the government formation and the differences between the participating parties' policy agendas, the power distribution is skewed. Therefore, a direct relation between social democracy and neo-corporatism cannot be expected.

47. Although the three parties that later formed the CDA (KVP, ARP, and CHU) together were larger than the PvdA in the 1972 elections, the CHU remained outside the government. In the government Den Uyl (PvdA, PPR, D66, KVP, ARP) the PvdA was the largest party and took the post of PM (see also chapter 3, section 3.2.2.1).

48. The exception being the short-lived government Van Agt II (CDA, PvdA, D66) in 1981-1982, in which the PvdA held the office of Minister of Social Affairs (and Labour). But this government had no substantial lasting influence on incomes policy (see also Table 7.2 and section 7.1.1).

Although after 1993 the PvdA was the dominant party in government and held the Ministry of Social Affairs, the party did not dominate the ‘socio-economic triangle’ as well, as the CDA used to do in all coalition governments with the PvdA and in some coalitions with the VVD (with the exception of the government De Jong from 1967 to 1971, and the Lubbers I and II governments between 1982 and 1989). This means that research into a possible relation between neo-corporatist government strategies and social democratic participation in government in the Netherlands is faced with a difficulty. The international literature on this relation clearly states that neo-corporatism goes together with social democratic (dominance in) government (see for instance Wilson 1990; Western 1991; Kurzer 1991; and Crepaz 1992). In the Dutch case that is only more or less the case for the ‘purple’ coalitions after 1993. In coalition governments before 1994, the CDA was the dominant party in government and the party primarily responsible for incomes policy (see also Smith 1988; Cox 1989; Budge and Keman 1990: 142; and Lijphart and Crepaz 1991). Therefore, in the Netherlands the conditions governing international research into the relation between social democracy and neo-corporatism in fact only apply to the years after 1993, and even then not completely.

Taking this into account, I will conduct my discussion of the possible relation between a neo-corporatist government strategy and the PvdA in government in two stages. First I will establish whether government participation of the PvdA as such and neo-corporatist government strategies indeed go together. Next I will investigate whether or not there is a difference with regard to neo-corporatist government strategies between coalition governments with the PvdA before 1994 and after 1993.

Based on the international literature on social democracy and neo-corporatism I expect that coalition governments in which the PvdA participated concluded their involvement in incomes policy more often with a neo-corporatist government strategy than coalition governments in which the PvdA did not participate. I also expect that from 1994, coalition governments in which the PvdA participated and held both the office of PM and Minister of Social Affairs did end with a neo-corporatist government strategy more often than coalition governments with the PvdA prior to 1994 (section 7.1.1).⁴⁹ That will also shed some light on the occurrence of the so-called ‘Dutch Miracle’ as put forward by many during the late 1990s.

Next I will discuss the years in which coalition governments did not perform

49. In the international literature, a neo-corporatist government strategy or incomes policy is thought to be beneficial for macroeconomic and policy performance (see for instance Schmidt 1982; Alvarez et al 1991; Kurzer 1991; Western 1991; Crepaz 1992; Keman 1993; Pennings 1997; Lijphart 1999; Siaroff 1999; Traxler and Kittel 2000; and Kenworthy 2002). The link between social democratic

Table 7.1: Governments and ministers in the 'socio-economic triangle' 1965 – 2000

Period	Prime Minister (party affiliation)	Party composition	Seats in parliament [PvdA]	Percentage of seats in parliament [PvdA]	Type of government coalition	Survival rate	Minister of Social Affairs (and Labour)	Minister of Economic Affairs	Minister of Finance
1965-1966	Cals (KVP)	KVP, ARP, PvdA	106 [43]	70.7 [28.7]	Surplus	39.3	Veldkamp (KVP)	Den Uyl (PvdA)	Vondeling (PvdA)
1966-1967	Zijlstra (ARP)	KVP, ARP	63	42	Caretaker	9.0	Veldkamp (KVP)	Bakker (ARP)	Zijlstra (ARP)
1967-1971	De Jong (KVP)	KVP, ARP, CHU, VVD	86	57.3	Minimal winning	106.5	Roolvink (ARP)	De Block (VVD)	Witteveen (VVD)
1971-1972	Biesheuvel I (ARP)	KVP, ARP, CHU, VVD, DS70	82	54.7	Minimal winning	27.9	Boersma (ARP)	Langman (VVD)	Nelissen (KVP)
1972-1973	Biesheuvel II (ARP)	KVP, ARP, CHU, VVD	74	49.3	Caretaker	18.3	Boersma (ARP)	Langman (VVD)	Nelissen (KVP)
1973-1977	Den Uyl (PvdA)	PvdA, (KVP, ARP), D66, PPR	95 [43]	63.3 [28.7]	Surplus	115.3	Boersma (ARP)	Lubbers (KVP)	Duisenberg (PvdA)
1977-1981	Van Agt I (CDA)	CDA, VVD	77	51.3	Minimal winning	93.3	Albeda (CDA)	Van Aardenne (VVD)	F.H.H.J. Andriessen (CDA)
1981-1982	Van Agt II (CDA)	CDA, PvdA, D66	109 [44]	72.7 [29.3]	Surplus	17.8	Den Uyl (PvdA)	Terlouw (D66)	Van der Stee (CDA)
1982	Van Agt III (CDA)	CDA, D66	65	43.3	Caretaker	10.9	De Graaf (CDA)	Terlouw (D66)	Van der Stee (CDA)
1982-1986	Lubbers I (CDA)	CDA, VVD	81	54	Minimal winning	92.3	De Koning (CDA)	Van Aardenne (VVD)	Ruding (VVD)
1986-1989	Lubbers II (CDA)	CDA, VVD	81	54	Minimal winning	83.0	De Koning (CDA)	De Korte (VVD)	Ruding (VVD)
1989-1994	Lubbers III (CDA)	CDA, PvdA	103 [49]	68.7 [32.7]	Minimal winning	119.8	B. de Vries (CDA)	J.E. Andriessen (CDA)	Kok (PvdA)
1994-1998	Kok I (PvdA)	PvdA, VVD, D66	92 [37]	61.3 [24.7]	Minimal winning	98.7	Melkert (PvdA)	Wijers (D66)	Zalm (VVD)
1998-2000	Kok II (PvdA)	PvdA, VVD, D66	97 [44]	64.7 [29.3]	Surplus	100.8	K. de Vries (PvdA)	Jorritsma-Lebbink (VVD)	Zalm (VVD)
	3 PvdA	PvdA 6 of 14 (42.9%)			Minimal Winning 7 of 14 (50%)		3 PvdA	1 PvdA	3 PvdA
Average			86.5 [43.3]	57.7 [28.9]		66.6			

Sources: Daalder (1995: 222-223); SCP (1998: 162); Woldendorp et al (2000: 395, 399-401); Andeweg and Irwin (2002: 98, 107, 110); www.parlement.com (May 2004). The survival rate based on Sanders and Herman (1977: 351) but based on duration in days instead of months. In some cases a survival rate of over 100% is noted. This is due to the fact that the government in question was in power during the whole term of the parliament and remained in power during the subsequent formation of the new government after the parliamentary elections (see Andeweg and Irwin (2002: 107) for the length of the formation of governments in the Netherlands).

according to my expectations. For coalition governments with the PvdA these are the years in which the government ended its involvement in incomes policy with a non-neo-corporatist government strategy (section 7.1.2). For coalition governments in which the PvdA did not participate, these are the years in which the government concluded its involvement in incomes policy with a neo-corporatist strategy (section 7.1.3).

Finally, I will discuss the effectiveness of incomes policy of coalition governments with and without participation of the PvdA in terms of the agendas of the actors involved. In chapter 6, I have established that neo-corporatist government strategies or incomes policies were consistently more effective in terms of re-ordering the agendas of the actors involved than non-neo-corporatist government strategies. Therefore, neo-corporatist government strategies more often resulted in a Central Agreement than non-neo-corporatist government strategies. Consequently, I expect coalition governments in which the PvdA participated to be more effective in terms of Central Agreements than coalition governments in which the PvdA did not participate. Furthermore, I expect that coalition governments in which the PvdA participated after 1993 were more effective in this respect than before 1994 (section 7.2.1).

In chapter 6 I have also argued that a relation can be observed between the actors' behaviour in terms of government strategies, styles of decision-making, and reaching Central Agreements, on the one hand, and approaching the core in terms of a match between actors' preferences and actual outcome, on the other hand. The movement towards the core was increased by two combinations of actors' behaviour. First, by neo-corporatist government strategies resulting in Central Agreements that could be reached by more or less 'tough' negotiations between social partners. Second, but to a much lesser extent, by non-neo-corporatist government strategies under the condition that no Central Agreement could be reached based on 'tough' negotiations between social partners. The macro-economic context had a bearing on how closely a core situation could be approached.

Consequently, I do expect coalition governments in which the PvdA participated to be more effective in terms of approaching the core than coalition governments in which the PvdA did not participate, and I expect that coalition governments in which the PvdA participated after 1993 to be more effective in this respect than before 1994 (section 7.2.2).

(participation in) government and neo-corporatism that was found in comparative research suggests, *ipso facto*, that social democratic (participation in) government is beneficial for performance. In chapter 8, Dutch macroeconomic and policy performance (both the 'Dutch Disease' of the 1970s and 1980s and the 'Dutch Miracle' of the late 1990s) will be discussed from a comparative perspective in order to establish whether the Dutch case was indeed different and exceptional with regard to performance.

Table 7.2: The PvdA and government participation 1965 – 2000

Years PvdA in government	Years PvdA out of government
1966	1965
1974	1967
1975	1968
1976	1969
1977	1970
1978	1971
	1972
1990	1973
1991	
1992	1979
1993	1980
1994	1981
1995	1982
1996	1983
1997	1984
1998	1985
1999	1986
2000	1987
	1988
	1989
17 years (47.2%)	19 years (52.8%)

Source: Appendix See also chapter 3, sections 3.2.2 and 3.2.3.

7.1 *Government strategies and government composition*

The issue in this section is the relation between social democracy and neo-corporatist government strategies. That is, to what extent the choice of strategy, implementation and outcome can be attributed to the participation of social democracy.

7.1.1 *Neo-corporatist government strategies and the PvdA in government*

Of the 36 years between 1965 and 2000, the PvdA participated in government in 17 years (47.2%). The PvdA was out of government in 19 of the years (52.8%). The years listed in Table 7.2, are those in which governments with and without participation of the PvdA did actually determine the substance and implementation of government policy, including incomes policy. These do not necessarily always completely coincide with the years the PvdA was in or out of government. Quite often, the first budget (the budget is at the heart of incomes policy) of an incoming government was still largely, and sometimes even completely, determined by the outgoing government. The participation of the PvdA in the short-lived government Van Agt II (CDA, PvdA, D66) between November 1981 and May 1982 has not had a substantial influence on incomes policy in 1982 (see

Table 7.3: The PvdA and concluding neo-corporatist government strategies 1965 – 2000

Government strategy	PvdA in government	PvdA out of government	N
Neo-corporatist (II+III)	13 / 68.4% (76.5%)	6 / 31.6% (31.6%)	19
Non-neo-corporatist (I+IV)	4 / 23.5% (23.5%)	13 / 76.5% (68.4%)	17
Total	47.2%	52.8%	36 / 100%

Source: Appendix Columns and rows count up to 100%.

Appendix). Incomes policy in that year was largely determined by the previous government Van Agt I (CDA, VVD) and the following caretaker government Van Agt III (CDA, D66). Therefore, that government period was not included in the years the PvdA was in government (see also chapter 3, section 3.2.3).

In 13 of the 17 years (76.5%) that the PvdA was in government, the government concluded its involvement in negotiations and implementation of incomes policy with a neo-corporatist strategy.

Governments in which the PvdA did not participate show the opposite pattern of concluding government strategies. Those governments ended their involvement in incomes policy with a neo-corporatist strategy in only six of the 19 years (31.6% - see Table 7.3; see also Table 7.1).

The preliminary conclusion must be that governments in which the PvdA participated indeed opted for a concluding neo-corporatist strategy in a clear majority of the years involved. Governments in which the PvdA did not participate opted for a non-neo-corporatist concluding strategy in a clear majority of the years involved. That means that a neo-corporatist government strategy indeed coincided with the participation of the PvdA in government. This finding concurs with international research on neo-corporatism and social democracy.

How to account for the deviant cases? Governments in which the PvdA participated opted for a non-neo-corporatist concluding strategy in 1966, 1974, 1976, and 1992. In these four years, social partners either were unable or unwilling to come to an agreement on incomes policy on the central level. Governments in which the PvdA did not participate, on the other hand, opted for a concluding neo-corporatist strategy in 1965, 1973, and 1987-1989. Concluding government strategies in these six years can also be explained by the peculiarities of negotiations on incomes policy in these years. Below I will investigate these cases more closely.

I have distinguished between coalition governments with the CDA in which the PvdA was not the dominant party, nor delivered the Minister of Social Affairs, and coalition governments without the CDA in which that was both the case (see Table 7.4).

Table 7.4: The PvdA and concluding neo-corporatist government strategies before and after 1994

Government strategy	PvdA in government	PvdA out of government	N
1965 – 1993			
Neo-corporatist (II+III)	6 / 50% (60%)	6 / 50% (31.6%)	12
Non-neo-corporatist (I+IV)	4 / 23.5% (40%)	13 / 76.5% (68.4%)	17
Total	10 / 34.5% (100%)	19 / 65.5% (100%)	29
1994 – 2000			
Neo-corporatist (II+III)	7 / 100%	0	7
Non-neo-corporatist (I+IV)	0	0	
Total	7 / 100%	0	7
Grand Total	47.2%	52.8%	36 / 100%

Source: Appendix Columns and rows count up to 100%.

Note: Coalition governments before 1994 were dominated by the CDA and the Minister of Social Affairs (and Labour) was always a member of the CDA. From 1994, the PvdA was the dominant party in government and also held the Ministry of Social Affairs (and Labour).

Now a different pattern can be detected. For coalition governments with the PvdA (and the CDA) before 1994, the original strong relation between social democratic participation in government and concluding neo-corporatist strategies is weakened considerably. Although governments with the PvdA still opted for a concluding neo-corporatist strategy in a majority of the years, that majority dropped from 76% to 60%. Governments in which the PvdA did not participate remained stable in their preference for a concluding non-neo-corporatist strategy in more than two-thirds of the years.

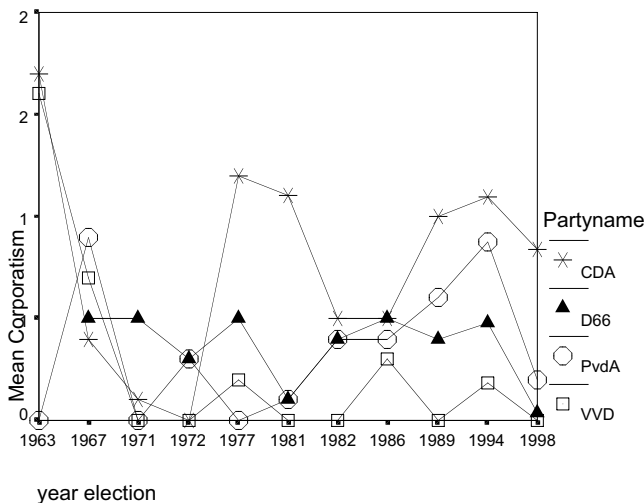
For coalition governments with the PvdA (and the VVD) from 1994, the relation between social democratic participation in government and the preference for a concluding neo-corporatist government strategy was strengthened considerably. In all seven years, the government opted for a concluding neo-corporatist government strategy. That constitutes an increase from 76% to 100%, when compared to all governments in which the PvdA participated.

As the international literature on neo-corporatism and social democracy suggested, there was indeed a positive relation between participation of the PvdA in coalition government in the Netherlands and a concluding neo-corporatist government strategy. That relation was strongest when the PvdA was both the dominant party in government and held the office of Minister of Social Affairs. There are, however, exceptions. In 1966, 1974, 1976, and 1992, governments in which the PvdA participated but did not hold the office of Minister of Social

Affairs, in the end opted for a non-neo-corporatist strategy. In 1965, 1973, 1979, and 1987-1989, governments in which the PvdA did not participate nevertheless opted for a concluding neo-corporatist strategy. That means that in itself, social democratic (participation in) coalition government cannot be the only explanation for the occurrence of concluding neo-corporatist government strategies in the Netherlands between 1965 and 2000. Nevertheless, Table 7.4 shows that when the PvdA was the dominant party in government and took the Ministry of Social Affairs, that government opted for a concluding neo-corporatist strategy.

This finding supports those researchers that have concluded that Dutch neo-corporatism cannot be explained solely by social democratic participation in government. The peculiar feature of Dutch neo-corporatism is that it is also shaped by the Dutch history of pillarisation that led to consociationalism or consensus democracy and a dominant christian democracy in government until 1994 (see chapter 2, sections 2.2 and 2.6; see also Czada 1987; Smith 1988; Braun 1989; Cox 1989; Wolinetz 1989, 1990; Kurzer 1991; Lijphart and Crepaz 1991; Hemerijck 1992; Keman 1993: 181-189; van Kersbergen 1995; Crepaz and Lijphart 1995; Keman and Pennings 1995; Anderson 2001; Pennings and

Figure 7.2: Corporatism 1963 - 1998



Note: Corporatism equals "favourable mention of the need for the collaboration of employers and trade union organisations in overall economic planning and direction through the medium of tripartite bodies of government, employers and trade unions" in the parties' election manifestos (Budge et al 2001: 224). CDA prior to 1977 is KVP, ARP, and CHU combined.

These are relative scores. In proportion to the complete election manifestos, the space devoted by all parties to this issue was quite limited.

Source: Budge et al (2001).

Table 7.5: Coalition governments and concluding neo-corporatist government strategies 1965 - 2000

Coalition government	Concluding neo-corporatist government strategies
CDA + PvdA	60%
CDA + VVD	31.6%
PvdA + VVD	100%

Source: Appendix

Vergunst 2001; Armingeon 2002; and Keman 2002: 27-30). Empirical evidence collected by Budge et al (2001) underscores that christian democracy in the Netherlands was even more committed to neo-corporatism - at least in its election manifestos - than social democracy (see Figure 7.2; see also Budge and Keman 1990: 142; van Kersbergen 1995).

However, the Dutch ‘puzzle’ is that whereas coalition governments of CDA and PvdA indeed opted for a concluding neo-corporatist government strategy in a majority of the years, most remarkable is that coalition governments of PvdA and VVD opted for a concluding neo-corporatist government strategy in all of the years. Coalition governments of CDA and VVD, however, opted for a concluding non-neo-corporatist government strategy in a clear majority of the years (see Table 7.5).

Below, in sections 7.1.2, 7.1.3 and 7.1.4, I will discuss this ‘puzzle’ in more detail.

7.1.2 Non-neo-corporatist government strategies and the PvdA in government

In four years, coalition governments in which the PvdA participated but did not hold the office of Minister of Social Affairs, opted for non-neo-corporatist concluding government strategies: 1966, 1974, 1976, and 1992. The question to be answered is what caused these governments to implement a non-neo-corporatist concluding strategy.

In 1966, trade unions and employers’ organisations were unable to reach an agreement. They looked to the government Cals (KVP, ARP, PvdA)⁵⁰ to break the deadlock. Consequently, the government determined incomes policy in this year. That government intervention has to be viewed against the backdrop of the demise of the centrally guided incomes policy since 1965. All actors had some difficulty in adjusting to the new institutions. The inability of social partners to reach an agreement made them look to the government to solve their problems. The government in turn did not hesitate to take over the determination of incomes policy as all coalition governments of all persuasions had been accustomed to do prior to 1965.

50. The KVP held the post of PM and the Ministry of Social Affairs (and Labour), the PvdA the ministries of Finance and Economic Affairs (see Table 7.1).

To put it in other words, old habits die slowly (see also chapter 5, section 5.1). Government strategy in 1974 and 1976 has to be understood within the context of the macroeconomic effects of the first oil crisis of 1973. In 1974, after the rank-and-file of the employers' organisations rejected the provisional bipartite Central Agreement that was brokered by the government, the oil crisis broke out. The government Den Uyl (PvdA, KVP, ARP, D66, PPR)⁵¹ reacted with special emergency legislation that gave it extraordinary powers to enforce temporary macroeconomic policies to combat the effects of the oil crisis. This package was carefully designed, based on the original agendas of trade unions and employers' organisations, and the narrowly failed agreement. After implementation of the six months binding policy package, social partners subsequently failed again to reach any agreement for the remainder of the year. The emergency legislation was then extended with a binding wage measure that, as well as the earlier package, took into account the agendas of both trade unions and employers' organisations. In 1976, all attempts by the government Den Uyl to get parties to conclude a Central Agreement failed. Trade unions and employers' organisations were not willing to come to an agreement. This induced the government to take over responsibility for incomes policy with a policy package of extra public expenditure to boost the economy. The package included a 'wage freeze' as well.

As social partners could not come to an agreement in both 1974 and 1976, the government took over incomes policy in an effort to counter the macroeconomic effects of the 1973 oil crisis (see also chapter 5, section 5.2).⁵²

Finally 1992; in this year all three parties went their separate ways. Central negotiations did not take place. Decentral negotiations resulted in compromises between trade unions and employers' organisations in which trade unions managed to get their way to a large extent. As the Lubbers III (CDA, PvdA)⁵³ government's policies with regard to the (semi-) public sector (deficit reduction) were not in jeopardy - the linkage between market sector and (semi-) public sector was only partially restored -, the government left responsibility for incomes policy in the market sector to social partners (see also chapter 5, section 5.3).

In other words, the non-neo-corporatist concluding government strategies employed by coalition governments in which the PvdA participated but did not hold the office of Minister of Social Affairs can be explained by the peculiarities of negotiations on incomes policy in the years in which these strategies were

51. The PvdA held the office of PM and the Ministry of Finance, KVP and ARP the ministries of Economic and Social Affairs (including Labour) respectively (see Table 7.1).

52. The government Den Uyl was widely considered to be quite left of the centre and, consequently, the government's rapport with especially employers' organisations was quite low (see for instance Becker 1994: 247-257; van der Broek 2002).

53. The CDA held the office of PM and both the ministries of Economic and Social Affairs (including Labour), the PvdA held the Ministry of Finance (see Table 7.1).

employed. In all four years, social partners could either not come to an agreement on the central level, or did not want to negotiate on the central level. In 1966, the government reacted by reverting to the trusted pattern of the centrally guided incomes policy and took over responsibility for incomes policy. In 1974 and 1976, the government also reacted by taking over incomes policy, but this time it was an emergency policy to boost the economy in order to counter the macroeconomic effects of the 1973 oil crisis. Lastly, in 1992, the government remained passive with regard to incomes policy in the market sector because there was no threat of a spill over from that sector to the (semi-) public sector.

This discussion of the non-neo-corporatist government strategies of governments in which the PvdA participated indicates, firstly, that it was mainly external circumstances (the change from a government guided incomes policy to a 'free' incomes policy in 1966 that was driven by economic growth; the socio-economic effects of the 1973 oil crisis in 1974 and 1976; and the delinkage of the market sector from the (semi-) public sector in 1992 that was instituted in 1983 and 1984 to counter the effects of the severe economic crisis in the early 1980s) that accounted for the actors' behaviour.

Secondly, it indicates that the effect on government strategy of the external circumstances in the 1960s and 1970s differed from that in the 1990s. In the 1960s and 1970s these induced the government to implement a non-neo-corporatist guiding government strategy (IV) and in the 1990s to implement a non-neo-corporatist passive government strategy (I).

With respect the nature of the deviant cases, the above discussion suggests that the non-neo-corporatist government strategies in 1974 and 1976 were idiosyncratic, whereas 1966 and 1992 were genuine exceptions to the rule. In 1974 and 1976 the government reacted to the macroeconomic effects of the 1973 oil crises. In 1966 the rules of the game were changing, and in 1992 the government continued its policy of deficit reduction by changing both the level and eligibility of disability benefits without contributing any further to the process of negotiations on incomes policy.

Part of the 'puzzle' that coalition governments of CDA and PvdA did not opt for concluding neo-corporatist government strategies in all the years they were in office (see Table 7.5) - as could be expected from both the international literature on social democracy and neo-corporatism and from the position of the CDA on neo-corporatism in its election manifestos (see Figure 7.2) - can therefore be explained by macroeconomic circumstances and institutional changes that led these governments to implement non-neo-corporatist government strategies in a number of years.

7.1.3 Neo-corporatist government strategies and the PvdA not in government

In six years between 1965 and 2000, coalition governments without the PvdA

nevertheless opted for a concluding neo-corporatist government strategy. That was the case in 1965, 1973, 1979, and 1987-1989. The question to be answered is why these governments did opt for a concluding neo-corporatist government strategy. In 1965, the government was consistently involved as a third party in the annual process of negotiations on incomes policy. The government tried to broker at least a bipartite, but preferably a tripartite Central Agreement between trade unions, employers' organisations and the government. The government Marijnen (KVP, ARP, CHU, VVD)⁵⁴ actively intervened in the negotiations and tried to facilitate agreement by offering a choice of various policy packages on incomes policy to trade unions and employers' organisations. When negotiations bogged down in a deadlock, it was the government that resolved the deadlock with a new proposal that was grudgingly accepted by both parties (see also chapter 5, section 5.1).

In 1973, the government also consistently tried to get trade unions and employers' organisations to conclude a bipartite Central Agreement by offering social partners facilitating policies or policy packages. Within the SER, trade unions and employers' organisations also recommended in favour of a social contract between the government and 'social partners'. However, their views on how to combat inflation differed fundamentally. Trade unions demanded an expansion of the (semi-) public sector and a more levelled distribution of incomes from the government. From employers' organisations they demanded a commitment to comprehensive Central Agreements as a policy instrument, support for their demands from government, and facilities for unions on the plant level. Employers' organisations had quite a different programme. They demanded a reduction in the growth of both (semi-) public and private expenditure by reducing both wage and price rises. Their paramount goal was to regain competitiveness on the world market. Although the outgoing Biesheuvel II (KVP, ARP, CHU, VVD)⁵⁵ government's policy had significantly facilitated the bipartite Central Agreement concluded between trade unions and employers' organisations, implementation led to conflicts between trade unions and employers on the branch and company levels. Nevertheless, the government stuck to its neo-corporatist strategy (see also chapter 5, section 5.1).

Negotiations on incomes policy in 1979 were largely determined by the Van Agt I (CDA, VVD)⁵⁶ government's policy programme 'Bestek 81' (Direction 81).

54. The KVP held the post of PM and the Ministry of Social Affairs (including Labour), the CHU the Ministry of Economic Affairs, and the VVD the Ministry of Finance (see Table 7.1).

55. This was a caretaker government in which the ARP held the PM-ship and the Ministry of Social Affairs (including Labour), the KVP the Ministry of Finance, and the VVD the Ministry of Economic Affairs (see Table 7.1).

56. The CDA held the office of PM and both the ministries of Social Affairs (including Labour) and Finance, the VVD held the Ministry of Economic Affairs (see Table 7.1).

Due to the steadily worsening economic situation, the government planned to cut (semi-) public sector spending. The aim was to reduce the rapidly growing budget deficit, and to increase profitability of companies in the market sector. At the same time, the government's policy package to facilitate negotiations did include incentives for especially the trade unions to entice them to conclude a Central Agreement. These incentives, however, fell far short of the unions' demands. Therefore, trade unions refused to conclude a Central Agreement for an incomes policy that was largely based on the government's policy programme. The subsequently enlarged government's policy package with extra public expenditure equally failed to bring trade unions and employers' organisations to a Central Agreement. The enlarged policy package was the framework in which decentral negotiations took place. In decentral negotiations on incomes policy, trade unions succeeded in getting compensation for price rises, plus a modest wage rise on top of that for about half of the workforce. Nevertheless, the government did not intervene in the outcome of these negotiations and ended its involvement in negotiations on incomes policy with a neo-corporatist strategy (see also chapter 5, section 5.2).

With respect to the concluding neo-corporatist government strategies in the years 1987-1989, the government of the day consistently tried to get trade unions and employers' organisations to conclude bipartite or tripartite Central Agreements by offering social partners facilitating policies or policy packages. In 1987, the Lubbers II (CDA, VVD)⁵⁷ government succeeded with some difficulty in getting trade unions and employers' organisations to participate in a tripartite Central Agreement. The agreement was that parties renewed their commitment to previous bipartite and tripartite agreements on employment policies. Decentral negotiations on incomes policy progressed with difficulty. Employers' organisations determined the outcome with respect to working hours, while trade unions succeeded in countering the government's reduction of the level of social security benefits from 80 to 70% of last earnings.

In 1988, trade unions and employers' organisations did not succeed in concluding a Central Agreement due to the large differences between their agendas. Trade unions wanted a reduction of unemployment, equal treatment of workers in the market and the (semi-) public sector, extra money for the lowest incomes, and (massive) government investment in infrastructure and the environment to create jobs. On top of that, the FNV also wanted an increase in real buying power for all employees. The CNV on the other hand, was still prepared to exercise wage moderation.

57. The CDA held the PM-ship and the Ministry of Social Affairs (including Labour), the VVD the ministries of Finance and Economic Affairs (see Table 7.1).

The Lubbers II (CDA, VVD) government, however, planned to considerably cut the budget, including a continuation of differential treatment of employees in the (semi-) public sector, and no extra government investments for jobs. As a concession to trade unions, the government was prepared to up child and holiday allowances, to give the lowest paid an extra one-off payment, and to lower taxes and social security premiums to prop up buying power.

Employers' organisations agreed to the aim of the government's budget: a continuation of reducing the budget deficit, even at the expense of extra budget cuts, and a continuation of the reduction of wage costs and other costs. They rejected any Central Agreement as that would only serve as a minimum, and thus create an upward effect on wage costs. For employers, differentiation was the key word. They criticised the government's budget for not going far enough in reducing costs and expenditure. The increase in child and holiday allowances offered by the government, for instance, had to be paid by employers and thus would increase their wage costs. Central negotiations on incomes policy broke down.

The four bi- and tripartite working parties on employment policies that were installed as a result of the 1986 negotiations continued their work and issued their reports thanks to intervention by the Lubbers II (CDA, VVD) government. These reports served as a basis for decentral negotiations.

Decentral collective contracts regarded some 60% of the workforce in the market sector and were largely determined by employers and only marginally featured aspects of employment policies recommended by the working parties: a minimal wage rise, no further collective reduction of working hours, no expansion of early retirement schemes, and the introduction of flexible wage systems in a few contracts. The government, however, refrained from intervention in these contracts and concluded its involvement in incomes policy with a neo-corporatist strategy.

Despite attempts and offers by the Lubbers II (CDA, VVD) government, central negotiations on employment policies did not result in a Central Agreement in 1989 either. Negotiations on incomes policy were conducted on the decentral level and started to show some effect of the recommendations of the previous working parties on employment. Wages rose moderately, no further reduction in working hours was achieved, and early retirement schemes were not expanded. But on the issue of sick leave and disability a tripartite working group was started. The government concluded its involvement in incomes policy with a neo-corporatist strategy (see also chapter 5, section 5.3).

Concluding neo-corporatist government strategies of coalition governments in which the PvdA did not participate can also be explained by the peculiarities of negotiations on incomes policy in the years in which these policies were employed. The CDA's position on neo-corporatism in their respective election manifestos does not seem to have had a systematic influence in this respect. That is to say, concluding neo-corporatist government strategies of coalition governments of

the CDA with, and especially without the PvdA, appear not to be linked to the emphases on neo-corporatism in the various election manifestos of the CDA (see Figure 7.2).

In 1965, government and social partners conducted a classical neo-corporatist reordering of needs that resulted in a Central Agreement brokered by the government. In 1973, that was also the case, but in this year, the rank and file of social partners failed to deliver on the decentral levels. That the government stuck to its neo-corporatist strategy was most likely due to its outgoing status.

In 1979, all efforts of the government to reach a Central Agreement foundered on the unwillingness of trade unions to compromise on an incomes policy based on the governments programme 'Bestek 81' (Direction 81). The incoming government did not want to worsen its relation with trade unions any further and refrained from implementing a non-neo-corporatist government strategy.

From 1987-1989, all efforts of the government to reach a Central Agreement succeeded only in 1987. That the government nevertheless stuck to its neo-corporatist government strategy in 1988 and 1989 can be explained by the continued delinkage of the market sector and the (semi-) public sector, in combination with the new Law on Wage Formation of 1987 (see also chapter 4 and chapter 5).

With respect to the nature of the deviant cases, the above discussion suggests that concluding neo-corporatist government strategies in 1973 and 1979 were idiosyncratic, whereas 1965 and 1987-1989 were genuine exceptions to the rule that coalition governments of CDA and VVD usually do not opt for a concluding neo-corporatist government strategy, despite the CDA's stance on neo-corporatism (see Figure 7.2). In 1973 and 1979 government strategy was based on the government's political position: outgoing and incoming respectively.

In 1965 and between 1987 and 1989 the rules of the game had changed. In 1965, incomes policy changed from a centrally guided, government directed incomes policy to a free incomes policy. In the years 1987-1989 the linkage between market sector and (semi-) public sector had been severed, whereas the amended Law on Wage Formation from 1987 only allowed for guiding, government directed incomes policies in case of external emergencies (see also chapter 5, sections 5.1 and 5.3). These changes in the rules of the game induced these governments to opt for a concluding neo-corporatist government strategy.

7.1.4 The Dutch 'puzzle'

As explained above, the Dutch 'puzzle' was that whereas coalition governments of CDA and PvdA indeed opted for a concluding neo-corporatist government strategy in a majority of the years, it is most remarkable that coalition governments of PvdA and VVD opted for a concluding neo-corporatist government strategy in all of the years. Coalition governments of CDA and VVD, on the other hand, opted for a concluding non-neo-corporatist government strategy in a

clear majority of the years (see Table 7.5).

In section 7.1.2, part of the ‘puzzle’ that coalition governments of CDA and PvdA did not opt for concluding neo-corporatist government strategies in all the years they were in office (see Table 7.5) - as one would expect based on both the international literature on social democracy and neo-corporatism and the policy position of the CDA on neo-corporatism in its election manifestos (see Figure 7.2) - could be explained by macroeconomic circumstances and institutional changes that led these governments to implement non-neo-corporatist government strategies in a number of years. The non-neo-corporatist government strategies in 1974 and 1976 appeared to be idiosyncratic, whereas 1966 and 1992 were genuine exceptions to the rule. In 1974 and 1976 the government reacted to the macroeconomic effects of the 1973 oil crises. In 1966, the rules of the game were changing, but as social partners could not come to an agreement, the government intervened and imposed incomes policy on social partners. In 1992, the government continued its policy of deficit reduction by changing both the level and eligibility of disability benefits without contributing any further to the process of negotiations on incomes policy.

In section 7.1.3, the high incidence of concluding non-neo-corporatist government strategies of coalition governments of CDA and VVD was explained by first discussing the concluding neo-corporatist government strategies of these governments. That discussion suggested that these concluding neo-corporatist government strategies were partly idiosyncratic and partly genuine exceptions to the rule that coalition governments of CDA and VVD usually did not opt for concluding neo-corporatist government strategies, despite the CDA’s stance on neo-corporatism (see Figure 7.2). The concluding neo-corporatist strategies of these governments in 1973 and 1979 turned out to be idiosyncratic, whereas 1965 and 1987-1989 were apparently genuine exceptions. In 1973 and 1979 government strategy was based on the government’s political position: outgoing and incoming respectively. In 1965 and between 1987 and 1989 the rules of the game had changed. In 1965, incomes policy changed from a centrally guided, government directed incomes policy to a free incomes policy. In the years 1987-1989 the linkage between market sector and (semi-) public sector had been severed, whereas the amended Law on Wage Formation from 1987 only allowed for guiding, government directed incomes policies in case of external emergencies (see also chapter 5, sections 5.1 and 5.3). These changes in the rules of the game induced these governments to opt for a concluding neo-corporatist government strategy. Part of the ‘puzzle’ that coalition governments of CDA and VVD score lowest on neo-corporatist government strategies can now be explained by macroeconomic circumstances and the institutional set-up of the process of negotiations on incomes policy. In the 1960s macroeconomic circumstances were positive, but the change from a centrally guided, government directed incomes policy to a free in-

comes policy frequently led to conflicts between social partners. Coalition governments of CDA and VVD tried to solve these conflicts by both neo-corporatist and non-neo-corporatist government strategies during negotiations, but as that proved usually unsuccessful, in the end these governments quite often reverted to the concluding non-neo-corporatist guiding (IV) government strategy (see also chapter 5, section 5.1).

In the late 1970s and early 1980s, these coalition governments had to contend with a severe deterioration of macroeconomic performance that was exacerbated by the institutional linkage between the market sector and the (semi-) public sector. Despite all attempts, these governments' opening neo-corporatist strategies usually did not succeed in bringing social partners to an agreement. In the end these coalition governments therefore usually reverted to the concluding non-neo-corporatist guiding (IV) government strategy as well (see also chapter 5, sections 5.2 and 5.3).

Finally, the explanation of the 'puzzle' that coalition governments of PvdA and VVD did opt for a concluding neo-corporatist government strategy in all the years they were in office in the 1990s must be that apparently neither macroeconomic circumstances nor institutional changes induced the PvdA as the dominant party in government and the party responsible for incomes policy to implement a non-neo-corporatist government strategy (the VVD habitually scored very low on neo-corporatism in its election manifestos - see Figure 7.2).

In other words, both accelerating economic growth after 1994 and the ad hoc relinkage of the market sector and the (semi-) public sector based on the EMU requirements, within the framework of the amended Law on Wage Formation (1987), were conducive to concluding neo-corporatist government strategies of coalition governments of PvdA and VVD (see also chapter 5, section 5.4).

7.2 Effectiveness of incomes policy in terms of agendas

In this section I will explore the effectiveness of incomes policy of coalition governments with and without participation of the PvdA in terms of the agendas of the actors involved. In chapter 6, I have established that Dutch incomes policy between 1965 and 2000 was not effective in terms of reordering agendas in a majority of the years. That is, in majority of the years incomes policy was not congruent with a Central Agreement. However, I have also shown that a neo-corporatist incomes policy was more often effective than not and also more than four times as effective as a non-neo-corporatist incomes policy.

When viewed for the four sub-periods identified: 1965 - 1973; 1974 - 1982; 1983 - 1992; 1993 - 2000 (see chapter 5), I have detected a patterned distribution of effective incomes policies in terms of reordered agendas. Effectiveness in terms of reordered agendas was most prominent in the last two periods: 1983 - 1992 (5 Central Agreements) and 1993 - 2000 (6 Central Agreements). Neo-

corporatist incomes policies were also consistently more effective than non-neo-corporatist incomes policies. This increased effectiveness of (both neo-corporatist and non-neo-corporatist) incomes policies from 1983 did not, however, constitute the emergence of a 'Polder Model' (see chapter 4 and chapter 5). Firstly, social partners seldom used the problem solving style of decision-making (C: Battle of the Sexes). Central Agreements were usually based on the bargaining style of decision-making (B: (repeated) Prisoners Dilemma). Secondly, Central Agreements were not always the result of a neo-corporatist government strategy.

In chapter 6, I have also argued that a relation can be observed between the actors' behaviour in terms of government strategies, styles of decision-making, and reaching Central Agreements, on the one hand, and approaching the core in terms of a match between actors' preferences and actual outcome, on the other hand. The movement towards the core was increased by two combinations of actors' behaviour. First, by neo-corporatist government strategies resulting in Central Agreements that could be reached by more or less 'tough' negotiations between social partners. Second, but to a much lesser extent, by non-neo-corporatist government strategies under the condition that no Central Agreement could be reached based on 'tough' negotiations between social partners. The macroeconomic context had a bearing on how closely a core situation could be approached. Neo-corporatist government strategies did indeed do (much) better than non-neo-corporatist government strategies, and Central Agreements did make a positive difference.

When viewed for the four sub-periods identified, I have detected a patterned distribution of effective incomes policies in terms of approaching the core as well:

- 1965 - 1973 three core situations: 1965, 1966, 1968;
- 1974 - 1982 four core situations: 1976-1979;
- 1983 - 1992 two core situations: 1991, 1992;
- 1993 - 2000 four core situations: 1996-1998, 2000 (see chapter 6, section 6.3.1 and Table 6.7).

7.2.1 *Central Agreements*

The issue to be addressed in this section is whether neo-corporatist strategies of coalition governments in which the PvdA participated did indeed result in Central Agreements more often than neo-corporatist strategies of governments in which the PvdA did not participate. I will first address this issue for all coalition governments in which the PvdA participated. Next I will differentiate between coalition governments before 1994, in which the PvdA was never the dominant party and did not hold the office of Minister of Social Affairs, and coalition governments after 1993 in which the PvdA was the dominant party and did hold the office of Minister of Social Affairs.

Based on the international literature on neo-corporatism and social democracy I expect that a neo-corporatist government strategy of governments in which the PvdA participated was more successful in terms of reordering agendas than neo-corporatist government strategies of governments in which the PvdA did not participate. And I expect that a neo-corporatist government strategy of a coalition government with the PvdA after 1993 was even more effective in this respect.

Table 7.6 shows that *all concluding* government strategies of coalition governments with the PvdA were only just more often effective in terms of reordering agendas than they were not. All concluding government strategies of these governments combined were, however, almost twice as effective as all concluding government strategies of coalition governments without the PvdA. That is, governments with the PvdA were able to achieve a Central Agreement in just over half of the years, whereas governments without the PvdA managed to achieve a central Agreement in just over a quarter of the years. Hence, participation of the PvdA in coalition government mattered with respect to reaching a Central Agreement.

With regard to concluding *neo-corporatist* government strategies, governments in which the PvdA participated were able to achieve a Central Agreement in more than two-thirds of the years, whereas governments in which the PvdA did not participate managed to achieve a Central Agreement in only one-third of the years. Clearly, coalition governments with the PvdA did not only resort to a neo-corporatist government strategy more than twice as often as coalition governments without the PvdA, but that concluding neo-corporatist government strategy was also more than twice as effective in terms of the agendas of the actors involved in incomes policy. Participation of the PvdA in coalition government, therefore, did also matter with respect to both the choice of a concluding neo-corporatist government strategy and the effectiveness of that concluding strategy in terms of reordering the agendas of the actors involved in incomes policy.

However, when we distinguish between coalition governments with the PvdA before 1994 and after 1993, a patterned variation can be observed (see Table 7.7). *All concluding* government strategies of coalition government with and without the PvdA before 1994 were all ineffective in terms of reordering agendas in a majority of the years. Nevertheless, concluding government strategies of governments in which the PvdA did not participate were even less effective than concluding government strategies of governments in which the PvdA participated. Concluding *neo-corporatist* government strategies of governments, in which the PvdA participated, on the other hand, were successful in two-thirds of the years, whereas concluding neo-corporatist government strategies of governments in which the PvdA did not participate were only successful in one-third of the years.

Table 7.6: The PvdA and effectiveness of concluding government strategies in terms of reordering agendas 1965 – 2000

Government strategy	PvdA in government		N	PvdA out of government		N
	Effective (CA)	Not effective (No CA)		Effective (CA)	Not effective (No CA)	
Neo-corporatist (II+III)	9 / 69.2% (100%)	4 / 30.8% (50%)	13	2 / 33.3% (40%)	4 / 66.7% (28.6%)	6
Non-neo-corporatist (I+IV)	0	4 / 100% (50%)	4	3 / 23.1% (60%)	10 / 76.9% (71.4%)	13
Total	52.9%	47.1%	17 / 100%	26.3%	73.7%	19 / 100%

Source: Appendix and Table 6.2. Columns and rows count up to 100%.

Note: Coalition governments before 1994 were dominated by the CDA and the Minister of Social Affairs (and Labour) was always a member of the CDA. From 1994, the PvdA was the dominant party in government and also held the Ministry of Social Affairs (and Labour).

But *non-neo-corporatist* concluding government strategies of governments with the PvdA were all ineffective in terms of reordering agendas, while non-neo-corporatist concluding government strategies of governments without the PvdA were effective in almost a quarter of the years.

From this we can infer that participation of the PvdA in coalition government before 1994 did matter indeed. Participation of the PvdA in coalition government mattered with regard to the effectiveness of concluding government strategies. It mattered with regard of the choice of concluding neo-corporatist government strategies. It mattered also with regard to the effectiveness of concluding neo-corporatist government strategies in terms of Central Agreements.

Finally, the coalition governments with the PvdA after 1993. *All concluding* government strategies of these governments were neo-corporatist. And in more than 70% of the years these concluding *neo-corporatist* strategies were also effective in terms of reordering the agendas of the actors involved in incomes policy. Participation of the PvdA as the dominant party in coalition government after 1993 did matter with regard to the choice of concluding neo-corporatist government strategies, but not significantly with regard to the effectiveness of that concluding neo-corporatist government strategy in terms of Central Agreements (66.7% before 1994 and 71.4% after 1993).

My research findings show a mixed pattern with regard to the effectiveness of incomes policy in terms of reordering agendas for governments with and without the PvdA. At first sight, there is indeed a strong relation between an effective concluding neo-corporatist incomes policy in terms of reordering agendas and participation of the PvdA in coalition government. Concluding neo-corporatist incomes policies of coalition governments in which the PvdA participated were more than twice as effective as concluding neo-corporatist incomes policies of coalition governments in which the PvdA did not participate. In that respect, the findings support the international literature on social democracy and neo-corporatism. However, as I already pointed out above, that literature cannot account for either the concluding neo-corporatist incomes policies of coalition governments without the PvdA or for effective concluding neo-corporatist incomes policies of these governments.

Second, there is only a marginal difference in effectiveness in terms of reordering agendas of concluding neo-corporatist incomes policies of coalition governments in which the PvdA participated before or after 1993 (66.7% as opposed to 71.4%). That means that social democratic dominance in government after 1993 did not significantly increase effectiveness of concluding neo-corporatist incomes policies in terms of reordering agendas as it did increase the occurrence of neo-corporatist government incomes policies as such. This is contrary to what I expected based on the international literature on social democracy and neo-corporatism. And it shows that the PvdA as the dominant party in government

Table 7.7: The PvdA and effectiveness of concluding government strategies in terms of reordering agendas before and after 1994

Government strategy	PvdA in government		N	PvdA out of government		N
	Effective (CA)	Not effective (No CA)		Effective (CA)	Not effective (No CA)	
1965 – 1993						
Neo-corporatist (II+III)	4 / 66.7% (100%)	2 / 33.3% (33.3%)	6	2 / 33.3% (40%)	4 / 67.7% (28.6%)	6
Non-neo-corporatist (I+IV)	0	4 / 100% (66.7%)	4	3 / 23.1% (60%)	10 / 76.9% (71.4%)	13
Total	40%	60%	10 / 100%	26.3%	73.7%	19 / 100%
1994 - 2000						
Neo-corporatist (II+III)	5 / 71.4% (100%)	2 / 28.6% (100%)	7 / 100% (100%)	0	0	0
Non-neo-corporatist (I+IV)	0	0		0	0	0
Total	71.4%	28.6%	100%	0	0	0
Grand Total	9	8	17	5	14	19

Source: Appendix and Table 6.2. Columns and rows count up to 100%.

Note: Coalition governments before 1994 were dominated by the CDA and the Minister of Social Affairs (and Labour) was always a member of the CDA. From 1994, the PvdA was the dominant party in government and also held the Ministry of Social Affairs (and Labour).

after 1993 did not produce a new, nor a more effective 'Polder Model'. Although in this period Central Agreements were all based on neo-corporatist government strategies, social partners still seldom used the co-operative problem solving style of decision-making (C: Battle of the Sexes). Only two of the six Central Agreements were based on that style of decision-making. The remaining four Central Agreements were based on the 'tougher' bargaining style of decision-making (B: (repeated) Prisoners Dilemma) (see chapter 3, section 3.3.3 and Table 3.4; chapter 5, section 5.4; and chapter 6, section 6.3.5).

7.2.2 Moving towards the core

Table 7.8 shows that, as I expected, in a majority of the years all concluding government strategies of coalition governments with the PvdA were effective in terms of approaching the core, that is, approaching a match between the actors' preferences as expressed in their respective agendas and actual outcome. Before 1994, in 60% of the years, coalition governments with the PvdA most likely approached the core. After 1994, the core was most likely approached in 57.1% of the years. As I expected, coalition governments without the PvdA were quite ineffective in this respect. In only 15.8% of the years these governments were in power, the core was most likely approached. Clearly, participation of the PvdA in coalition government between 1965 and 2000 did indeed matter with regard to approaching the core.

Regarding concluding neo-corporatist government strategies, coalition governments in which the PvdA participated were clearly more effective in terms of approaching the core than coalition governments in which the PvdA did not participate: 42.6% (6 movements towards the core in 13 years) compared to 33.3% (2 movements towards the core in six years). Obviously, a concluding neo-corporatist government strategy did matter with regard to approaching the core, in particular when the PvdA participated in coalition government.

When we distinguish between coalition governments before 1994 and after 1993, some minor variation can be observed. All concluding government strategies of coalition governments of CDA and PvdA before 1994 were effective in 60% of the years, whereas concluding government strategies of PvdA and VVD were effective in 57.1% of the years after 1994. However, concluding government strategies of coalition governments of CDA and VVD before 1994 were only effective in terms of approaching the core in 15.8% of the years. In other words, between 1965 and 2000, coalition governments of CDA and PvdA and of PvdA and VVD were almost four times more effective in terms of approaching the core than coalition governments of CDA and VVD. But the difference between coalition governments with the PvdA before 1994 and after 1993 were minimal. Participation of the PvdA in coalition government as the dominant party that was responsible for incomes policy did not increase those governments' effectiveness

Table 7.8: The PvdA and effectiveness of concluding government strategies in terms of movement towards the core before and after 1994

Government strategy	Central Agreement	PvdA in government		N	PvdA out of government		N
		Effective (approaching the core)	Not effective (not approaching the core)		Effective (approaching the core)	Not effective (not approaching the core)	
1965 - 1993							
Neo-corporatist (II+III)	CA	2 / 50% (75%)	2 / 50% (75%)	4	1 / 50% (50%)	1 / 50% (25%)	2
	No CA	1 / 50% (25%)	1 / 50% (25%)	2	1 / 25% (50%)	3 / 75% (75%)	4
Not neo-corporatist (I+IV)	CA	0	0	0	0	3 / 100% (30.8%)	3
	No CA	3 / 75% (100%)	1 / 25% (100%)	4	1 / 10% (100%)	9 / 90% (69.2%)	10
Total		60%	40%	10 / 100%	15.8%	84.2%	19 / 100%
1994 - 2000							
Neo-corporatist (II+III)	CA	3 / 60% (75%)	2 / 400% (66.7%)	5	0	0	0
	No CA	1 / 50% (25%)	1 / 50% (33.3%)	2	0	0	0
Not neo-corporatist I+IV)	CA	0	0	0	0	0	0
	No CA	0	0	0	0	0	0
Total		57.1%	42.9%	7 / 100%	0	0	0
Grand Total		10	7	17	3	16	19

Source: Appendix and Table 6.5. Columns and rows count up to 100%.

Note: Coalition governments before 1994 were dominated by the CDA and the Minister of Social Affairs (and Labour) was always a member of the CDA. From 1994, the PvdA was the dominant party in government and also held the Ministry of Social Affairs (and Labour).

in terms of approaching the core.

Concluding neo-corporatist government strategies showed slightly more variation. Concluding neo-corporatist government strategies of CDA and PvdA coalition governments before 1994 were slightly less effective in terms of approaching the core than after 1993: 50% (three movements towards the core in six years) compared to 57.1% (four movements towards the core in seven years). Concluding neo-corporatist government strategies of CDA and VVD governments before 1994, however, were only effective in 33.3% of the years. In other words, a concluding neo-corporatist government strategy did matter with regard to approaching the core, in particular when the PvdA participated in coalition government. Lastly, with regard to concluding non-neo-corporatist government strategies an interesting observation can be made. Concluding non-neo-corporatist government strategies of coalition governments with the PvdA all occurred before 1994, during coalition governments of CDA and PvdA. These non-neo-corporatist government strategies were remarkably effective in terms of approaching the core: the core was approached in 75% of the years (three movements towards the core in four years).

The concluding non-neo-corporatist government strategies of CDA and PvdA governments were considerably more effective in terms of approaching the core than concluding neo-corporatist government strategies of these governments: 75% compared to 50% (three movements towards the core in six years). And these concluding non-neo-corporatist government strategies of CDA and PvdA coalition governments were even more effective in approaching the core than the non-neo-corporatist government strategies of CDA and VVD governments: 75% compared to 7.7% (one movement towards the core in 13 years).

Before 1994, participation of the PvdA in coalition government did indeed matter with regard to approaching the core, both with regard to concluding neo-corporatist and concluding non-neo-corporatist government strategies.

With regard to Central Agreements and approaching the core, a patterned variation can be observed. Only in a minority of the years that a Central Agreement was reached, the core was also most likely approached: 42.9% (six movements towards the core in 14 years). In the years that Central Agreements were reached or facilitated by coalition governments of CDA and PvdA before 1994, these governments were less effective in approaching the core than in the years that no Central Agreement could be reached: 50% (two movements towards the core in four years) compared to 66.7% (four movements towards the core in six years). In other words, before 1994, CDA and PvdA governments were even more effective in approaching the core when no Central Agreement was reached.

For the other coalition governments, this relation was the reverse. CDA and VVD governments before 1994 were slightly more effective with regard to approaching the core in the years that a Central Agreement could be reached than in the

years that no Central Agreement could be reached: 20% (one movement towards the core in five years) compared to 14.3% (two movements towards the core in 14 years). PvdA and VVD coalition governments after 1993 were much more effective in this respect: 60% (three movements towards the core in five years) compared to 50% (one move towards the core in two years).

Reaching a Central Agreement in order to approach the core apparently mattered for coalition governments of CDA and VVD before 1994 and for coalition governments of PvdA and VVD after 1993.

With regard to the coalition governments of CDA and PvdA, a trade-off can be observed between concluding neo-corporatist government strategies and Central Agreements on the one hand, and approaching the core on the other hand. Concluding neo-corporatist government strategies of these coalition governments were less effective with regard to approaching the core than concluding non-neo-corporatist government strategies: 50% compared to 75%. In addition, in the years that incomes policy of these governments was concluded with a Central Agreement, the core was less often approached than in the years that no Central Agreement was reached: 50% compared to 75%. Apparently, before 1994, coalition governments of CDA and PvdA were either effective in terms of concluding neo-corporatist government strategies and reordering agendas by reaching Central Agreements, or they were effective in terms of approaching the core.

In other words, coalition governments of CDA and PvdA before 1994 - in which the CDA was the dominant party in government and the party responsible for incomes policy - either incorporated (or tried to incorporate) social partners in incomes policy by means of Central Agreements but then left the outcome in terms of preferences to depend on the skewed balance of power between the actors involved that apparently negatively influenced implementation of the agreements, or these coalition governments incorporated (or tried to incorporate) social partners in incomes policy by approaching the core, that is, by establishing a balance between preferences and outcome of all actors involved in incomes policy that would be closest to the core.

Coalition governments of PvdA and VVD after 1993 - in which the PvdA was the dominant party in government and the party responsible for incomes policy - were, as I expected, much more successful in terms of concluding neo-corporatist government strategies, but these governments were equally effective in terms of Central Agreements (reordering agendas) and approaching the core as coalition governments of CDA and PvdA before 1994. In other words, coalition governments of PvdA and VVD after 1993 did not produce a new, nor a more effective 'Polder Model' of negotiations on incomes policy in terms of reaching Central Agreements and approaching the core.

The trade-off between concluding neo-corporatist government strategies and, especially, Central Agreements, and approaching the core observed above for coa-

lition governments of CDA and PvdA, however, did not apply to coalition governments of PvdA and VVD. Social partners were both fully incorporated in incomes policy by concluding neo-corporatist government strategies and Central Agreements, and the core was more often approached when a Central Agreement was reached: 60% (three movements towards the core in five years) compared to 50% (one movement towards the core in two years).

In other words, the balance of power between the actors involved in this period was apparently less skewed than during coalition governments of CDA and PvdA and, consequently, the agreements were more successfully implemented.

7.3 Social democracy and neo-corporatism reviewed

In comparative international research a number of students of neo-corporatism have emphasised the political complexion of party government as a prerequisite for neo-corporatism. However, there are conflicting views. Quite a few researchers have found a strong relation between social democratic participation, dominance, or even control of government and neo-corporatism comparatively (see for instance Cameron 1978, 1984; Marks 1986; Zimmermann 1986; Curtis 1987; Wilson 1990; Kurzer 1991; Western 1991; and Crepaz 1992; see also Siaroff 1999). Other researchers have pointed out that this poses major analytical and empirical problems for those countries which are considered to be neo-corporatist, although social democratic government, or even social democratic participation in coalition government, has been infrequent and other parties, especially christian democratic parties, were the dominant parties in government for most of the time (see chapter 2, sections 2.2 and 2.6; see also Czada 1987; Smith 1988; Cox 1989; Wolinetz 1989, 1990; Kurzer 1991; Lijphart and Crepaz 1991; Hemerijck 1992; Keman 1993: 181-189; van Kersbergen 1995, 1997, 1999; Crepaz and Lijphart 1995; Keman and Pennings 1995; Keman 1997; Anderson 2001; Pennings and Vergunst 2001; Armingeon 2002; Keman 2002: 27-30; and Keman 2002a: 16). Therefore, at first sight, it seems more convincing to argue that the political provision of welfare, to which christian democracy is equally committed as social democracy (Budge and Keman 1990: 142; see also van Kersbergen 1995), combined with tripartism may well produce neo-corporatism as a more successful strategy.

My research into the Dutch case has established that there is indeed a positive relation between social democratic participation in government and the *occurrence* of concluding neo-corporatist government strategies. Coalition governments of PvdA and CDA and of PvdA and VVD both ended their involvement in incomes policy more often with a neo-corporatist government strategy than governments of CDA and VVD. The occurrence of concluding neo-corporatist government strategies also increased when the PvdA was the dominant party in coalition governments with the VVD after 1993, although the VVD always scored low on posi-

tive attitudes towards neo-corporatism in its election manifestos (see Figure 7.2). The CDA's positive stance on neo-corporatism in its election manifestos, however, apparently had little effect on the frequency of neo-corporatist government strategies in coalitions with the PvdA before 1994, and neither did that stance result in at least a match with the frequency of neo-corporatist government strategies of coalition governments with the PvdA, when the CDA was in coalition with the VVD. In other words, although in general christian democracy is apparently equally committed to the political provision of welfare as social democracy (Budge and Keman 1990: 142; van Kersbergen 1995), and in the Netherlands also rather strongly in favour of neo-corporatism according to its election manifestos (see Figure 7.2), that did not lead to more neo-corporatist government strategies. Neither in coalition with the PvdA, nor in coalition with the VVD. As I have shown in chapter 4 and chapter 5, the *occurrence* of concluding neo-corporatist government strategies is heavily dependent on the behaviour of social partners. And in this chapter I have shown that the *occurrence* of a concluding neo-corporatist strategy increased with the participation of the PvdA in coalition government. Apparently, the behaviour of social partners was more conducive to neo-corporatist government strategies when the PvdA was in government.

My research also shows that there is a positive relation between social democracy participating in coalition governments and the *effectiveness* of concluding neo-corporatist government strategies in terms of reordering the agendas of the actors involved. Concluding neo-corporatist government strategies of coalition governments of the PvdA with either CDA or VVD were more successful in terms of Central Agreements, than concluding neo-corporatist government strategies of coalition governments of CDA and VVD. However, the effectiveness of concluding neo-corporatist government strategies did not increase when the PvdA became the dominant party in coalition governments with the VVD after 1993. This implies that the PvdA as the dominant party in government after 1993 and the party responsible for incomes policy, did not produce a new, nor a more effective 'Polder Model' in terms of Central Agreements. Apparently, the institutional framework was less conducive towards establishing an equilibrium than expected.

Participation of the PvdA in coalition government between 1965 and 2000 did also matter with regard to the effectiveness of all concluding governments strategies in terms of approaching the core. Coalition governments with the PvdA were more effective than coalition governments without the PvdA. Coalition governments of CDA and PvdA before 1994 were equally effective as coalition governments of PvdA and VVD after 1993 in this respect.

The effectiveness of concluding neo-corporatist government strategies of both these coalition governments, however, differed. Concluding neo-corporatist of PvdA and VVD governments after 1993 were slightly more effective in approach-

ing the core than concluding neo-corporatist government strategies of CDA and PvdA coalition governments before 1994. And the same holds for reaching a Central Agreement.

For CDA and PvdA coalition governments before 1994, a trade off could be observed between concluding neo-corporatist government strategies and Central Agreements on the one hand, and approaching the core on the other hand. Social partners were either incorporated in the formation and implementation of incomes policy by concluding neo-corporatist government strategies and Central Agreements, whereas outcome remained dependent on the balance of power between the actors involved, or the core was approached. During coalition governments of CDA and PvdA, social partners were less often incorporated in the formation and implementation of incomes policy by means of Central Agreements and the core was more often approached. After 1993, during coalition governments of PvdA and VVD, social partners were almost continuously incorporated in the formation and implementation of incomes policy by means of Central Agreements and the core was as often approached as during CDA and PvdA coalition governments.

This implies that the PvdA as the dominant party in government after 1993 and the party responsible for incomes policy, did not produce a new, nor a more effective 'Polder Model' in terms of approaching the core either. Not only was the institutional framework apparently less conducive towards establishing an equilibrium than expected, the equilibria that were established were apparently also less conducive towards approaching the core than expected.

In my view, the results of my research show that social democratic (participation in coalition) government in the Netherlands cannot be the main, let alone the sole explanation for the occurrence of concluding neo-corporatist government strategies, or for their effectiveness in terms of Central Agreements and approaching the core. Government participation and dominance of christian democracy apparently does feature in the equation. Both in terms of concluding neo-corporatist government strategies, but also in terms of the effectiveness of non-neo-corporatist government strategies in terms of Central Agreements and approaching the core, that is, in terms of approaching a core situation based on the establishment of an equilibrium among the actors:

- coalition governments of CDA and PvdA showed both less concluding neo-corporatist government strategies and less effective concluding neo-corporatist government strategies in terms of Central Agreements than might be expected on the basis of both international research and their stance on corporatism in election manifestos. Nevertheless, these coalition governments were effective with regard to approaching the core in a majority of the years (60%);
- coalition governments of CDA and VVD also showed both less concluding

neo-corporatist government strategies and less effective concluding neo-corporatist government strategies in terms of Central Agreements than might be expected on the basis of both international research and the CDA's stance on corporatism in its election manifestos. However, the effectiveness of these governments' concluding non-neo-corporatist governments strategies in terms of Central Agreements was considerably higher than those of CDA and PvdA governments. Nevertheless, these coalition governments were quite ineffective with regard to approaching the core (15.8%);

- finally, PvdA and VVD coalition governments both showed more concluding neo-corporatist government strategies and more effective concluding neo-corporatist government strategies in terms of Central Agreements than might be expected on the basis of both international research and their stance on corporatism in election manifestos. Nevertheless, the effectiveness of these concluding neo-corporatist government strategies in terms of Central Agreements did not significantly exceed the effectiveness of these strategies employed by CDA and PvdA governments; whereas the effectiveness with respect to approaching the core was not higher than that of coalition governments of CDA and PvdA (see Table 7.9).

As I have argued in chapter 6, the effectiveness of non-neo-corporatist government strategies in terms of Central Agreements had to do with the government insisting on its leading role in incomes policy under the institutional condition of a linkage between the market sector and the (semi-) public sector. In 1970, a conflict between trade unions and the government De Jong (KVP, ARP, CHU, VVD) about the new Law on Wage Formation spilled over to the substance of incomes policy in that year. In 1983 and 1984, in the context of a severe economic downturn, accompanied by rapidly rising unemployment and budget deficits, the government Lubbers I (CDA, VVD) effectively forced social partners to come to an agreement in the market sector (the 'Wassenaar' agreement of December 1982). The government subsequently concentrated its efforts on reducing the budget deficit by delinking the market sector and the (semi-) public sector and did not further intervene in incomes policy in the market sector (see also Hemerijck 2003: 53 ff.).

The effectiveness of concluding government strategies of both the neo-corporatist and non-neo-corporatist variety in terms of Central Agreements can therefore be explained in terms of the participation of the PvdA in government. Concluding neo-corporatist government strategies of all coalition governments in which the PvdA participated were more or less equally effective in terms of reordering the agendas of the actors involved. But concluding non-neo-corporatist government strategies of coalition governments in which the PvdA did not participate were (much) more effective in terms of reordering the agendas of the actors involved than concluding non-neo-corporatist government strategies of

Table 7.9: Government composition, concluding neo-corporatist government strategies, Central Agreements, and movement towards the core 1965 - 2000

	Government composition		
	CDA + PvdA	CDA + VVD	PvdA + VVD
Concluding neo-corporatist government strategies	Lower than expected (60%)	Lower than expected (31.6%)	(Much) Higher than expected (100%)
Central Agreements based on concluding neo-corporatist government strategies	Lower than expected (66.7%)	Lower than expected (33.3%)	(Much) Higher than expected (71.4%)
Central Agreements based on non-neo-corporatist government strategies	As expected (0%)	(Much) Higher than expected (23.1%)	As expected (0%)
Approaching the core	Lower than expected (60%)	(Much) Lower than expected (15.8%)	(Much) Higher than expected (57.1%)

coalition governments in which the PvdA did participate. Apparently, participation of the PvdA in coalition governments with either CDA or VVD resulted in neo-corporatist government strategies that were equally effective in terms of Central Agreements, whereas the exclusion of the PvdA from coalition government resulted in more effective non-neo-corporatist government strategies in terms of Central Agreements.

In chapter 6, I have also argued that the movement towards the core was increased by two combinations of actors' behaviour. First, by neo-corporatist government strategies resulting in Central Agreements that could be reached by more or less 'tough' negotiations between social partners. Second, but to a lesser extent, by non-neo-corporatist government strategies under the condition that no Central Agreement could be reached based on 'tough' negotiations between social partners.

In this chapter, however, I have elaborated that a concluding neo-corporatist government strategy and reaching a Central Agreement did matter with respect to approaching the core, provided the PvdA participated in that coalition government. I have also argued that in coalition governments of CDA and PvdA a trade-off could be observed between concluding neo-corporatist government strategies and, in particular, reaching a Central Agreement on the one hand, and approaching the core on the other hand. Coalition governments of CDA and PvdA were either effective in terms of concluding neo-corporatist government strategies that resulted in Central Agreements, or they were effective in terms of approaching the core.

My research findings show that the PvdA in coalition government was more effective in determining concluding government strategies than other coalition parties. In particular when the PvdA was also the dominant party in government and responsible for incomes policy.

My research findings also show that although coalition governments in which the PvdA participated were more effective in terms of Central Agreements than coalition governments in which the PvdA did not participate, that effectiveness was not increased when the PvdA became the dominant party in government and responsible for incomes policy. The PvdA, therefore, appears to be instrumental in producing an equilibrium between the actors.

My research findings also show that coalition governments in which the PvdA participated were more effective in approaching the core than coalition governments in which the PvdA did not participate. But that effectiveness did not increase when the PvdA was also the dominant party in government and responsible for incomes policy.

My research findings also show that the implementation of Central Agreements on incomes policy did not imply a positive result in terms of approaching a core situation. Before 1994, a trade-off could be observed during CDA and PvdA coalition governments: the core was more often achieved when no Central Agreement was reached.

Finally, my research findings show that at the end of the day the government prevailed over incomes policy.

7.4 Concluding remarks

In this chapter I have explored the relation between concluding neo-corporatist government strategies and the composition of coalition governments in the Netherlands. First, I have established that participation of social democracy in coalition governments does indeed make a (positive) difference with regard to concluding neo-corporatist government strategies. Next I have established that participation of social democracy in coalition governments also makes a (positive) difference with regard to the effectiveness of concluding neo-corporatist government strategies in terms of reordering the agendas of the actors involved in incomes policy. Participation of the PvdA in government as the dominant party that held the office of Minister of Social Affairs and was primarily responsible for incomes policy did not, however, produce a new, nor a more effective 'Polder Model' in terms of more Central Agreements or more often approaching the core. Nevertheless, social democratic participation in coalition government was an important factor that did contribute to concluding neo-corporatist government strategies in the Netherlands.

Participation of the CDA as the dominant party in government until 1994, on the other hand, did not make a (positive) difference with regard to concluding neo-

corporatist government strategies. However, with regard to the effectiveness of concluding neo-corporatist government strategies in terms of reordering the agendas of the actors involved in incomes policy, participation of the CDA in coalition governments did make a comparable (positive) difference as participation of the PvdA. With respect to approaching the core, participation of the CDA in coalition government only mattered in coalitions with the PvdA.

Finally, exclusion of the PvdA from coalition government did make a (positive) difference with respect to the effectiveness of non-neo-corporatist government strategies in terms of Central Agreements, but not in terms of approaching the core. That means that parties matter with regard to government strategy. Especially the PvdA with regard to neo-corporatist government strategies. Parties also matter with regard to the effectiveness of government strategies in terms of Central Agreements. PvdA and CDA matter with respect to the effectiveness of neo-corporatist government strategies, whereas CDA and VVD matter with regard to the effectiveness of non-neo-corporatist government strategies. Parties also matter with regard to approaching the core. Coalition governments of CDA and PvdA and of PvdA and VVD were most effective in this respect, whereas coalition governments of CDA and VVD were least effective.

However, *ceteris paribus*, the composition of coalition government was not the determining factor for either government strategy or the effectiveness of that strategy. Especially the effectiveness of concluding government strategies of both the neo-corporatist and non-neo-corporatist variety in reaching Central Agreements can be explained in terms of the actors' behaviour during the annual negotiations on incomes policy in a context of institutional change due to macroeconomic externalities (see chapter 6). The effectiveness of concluding government strategies in approaching the core can also be explained in terms of the actors' behaviour during the annual negotiations on incomes policy and the macroeconomic context (see chapter 6).

In the international literature, a neo-corporatist government strategy or incomes policy is also thought to be beneficial for (macroeconomic and policy) performance (see for instance Schmidt 1982; Alvarez et al 1991; Kurzer 1991; Western 1991; Crepaz 1992; Keman 1993; Pennings 1997; Lijphart 1999; Siaroff 1999; Traxler and Kittel 2000; and Kenworthy 2002).

There are of course rival explanations. For instance, inertia and incrementalism may be important. Given the specific institutional arrangements of the public sector, countries may perform better or worse when faced with a deteriorating economy. From that point of view, the specific institutional arrangements in the Netherlands in the 1970s and 1980s did perform less well than those of other countries (see for instance Therborn 1986; Braun 1989; and Keman 1993a). Another factor influencing (macroeconomic and policy) performance is the transformation of socio-economic structures due to globalisation, that is, increased

world market integration on the one hand, and deindustrialisation on the other hand, leading to a service-based economy. This process is especially pronounced in the Netherlands (Andeweg and Irwin 2002: 177 ff.; Keman 2003).

In chapter 8, I will discuss the ‘Dutch Disease’ of the 1970s and 1980s and the ‘Dutch Miracle’ of the 1990s from a comparative perspective in order to establish whether or not the Dutch case is indeed different and exceptional with regard to (macroeconomic and policy) performance.

8. Performance of Dutch neo-corporatism

In this chapter I will discuss Dutch performance between 1965 and 2000. First I will discuss the Dutch case comparatively. The question to be answered is whether or not Dutch performance is different or exceptional when compared to that of other countries or groups of countries. The frequent use in international comparative research of the notions of the 'Dutch Disease' and the 'Dutch Miracle' does seem to suggest that the Dutch case can be viewed as different and exceptional. Yet, I shall aim to show that that is much less the case than conventional wisdom purports. Both during the period of the 'Dutch Disease' and of the 'Dutch Miracle', Dutch performance was neither completely different, nor exceptional compared to other (groups of) countries. Except in one respect: during the period of the 'Dutch Miracle' the country showed comparatively a major retrenchment of the welfare state, combined with a considerable increase in part-time participation of women on the labour market (see also chapter 2, section 2.3).

Next I will investigate whether or not Dutch performance improves when Dutch neo-corporatism is more effective in terms of the agendas of the actors involved in incomes policy. In other words, the question to be answered is whether the 'Dutch Disease' does indeed go together with less effective neo-corporatist government strategies in terms of Central Agreements and approaching the core, and, conversely, the 'Dutch Miracle' with more effective neo-corporatist government strategies in terms of Central Agreements and approaching the core (see chapter 6).

In addition, the frequent use in international comparative research of the notion of the Dutch 'Polder Model' does seem to suggest that indeed the 'Dutch Miracle' is the result of effective neo-corporatists government strategies, whereas the 'Dutch Disease' appears to be the result of non-neo-corporatist or ineffective neo-corporatist government strategies. However, I aim to show that government strategies can be better explained by a combination of the actors' behaviour and the institutional setting of incomes policy within a specific context of performance (see also chapters 4-6).

In that context, neo-corporatist strategies can be defined as those outcomes in which the government seeks to facilitate trade unions and employers' organisations to establish a 'structure induced equilibrium', that is, tries to bring the actors involved in incomes policy to an agreement. In chapter 6, I have argued that neo-corporatist strategies were indeed quite effective in terms of reaching Central Agreements, but did not represent a new 'Polder Model' (see also chapters 4 and 5). In addition, I have also argued in chapter 6 that these Central Agreements did not always approach the core as well (the match between the actors preferences as expressed in their respective agendas and actual outcome), "in the sense that no other alternative, allowed by the rules of procedure, is preferred by" the three participating actors (Shepsle 1997: 283, 284; see also Scharpf 1987, 1998; Keman 1999). In other words, I have observed that reaching Central Agreements was apparently not the same as matching preferences of the actors involved in incomes policy and outcome. I have also found that failing to reach Central Agreements did not necessarily imply fewer matches between preferences and outcome. From this I concluded that the alleged new 'Polder Model' was neither more effective in terms of reaching Central Agreements, nor in approaching the core.

8.1 *Indicators of performance*

The 'Dutch Disease' is commonly characterised by a combination of mass unemployment or jobless growth, and increasing budget deficits due to both increased public expenditure in order to save and create employment and increased social security transfer payments to the unemployed, resulting in stagflation (high inflation and low economic growth - see for instance Therborn 1986; Braun 1989; Hazeu 1998; Hartog 1999; Salverda 1999; Andeweg 2000; Brouwer and Labohm 2000; Delsen 2000; Herbertsson et al 2000; Stokman 2000; Torvik 2001; Andeweg and Irwin 2002; den Butter and Mosch 2003; Keman 2003; and Mosch 2004: 95-100).

By the same token, the 'Dutch Miracle' is characterised by a combination of job growth, resulting in low unemployment, and reduced budget deficits due to reduced public expenditure for employment and to reduced social security transfer payments to the unemployed, resulting in low inflation and a recovering or high economic growth (see for instance Visser and Hemerijck 1997; Hazeu 1998; Hartog 1999; Salverda 1999; Andeweg 2000; Brouwer and Labohm 2000; Delsen 2000; Stokman 2000; Andeweg and Irwin 2002; den Butter and Mosch 2003; Keman 2003; and Mosch 2004: 95-100).

With regard to both the 'Dutch Disease' and the 'Dutch Miracle', a distinction has to be made between policy performance and macroeconomic performance (Vergunst 2004: 97). Policy performance refers to the implementation of political decisions and is therefore shaped by policy choices. Indicators of policy

performance are the *budget deficit*, *public expenditure*, and *social security transfers*. Macroeconomic performance refers to the actual macroeconomic performance and the effects of policy performance. Indicators of macroeconomic performance are *inflation*, *economic growth*, and *unemployment*.

The indicators used to capture Dutch policy performance and macroeconomic performance will include the *budget deficit*, *public expenditure*, and *social security transfers* as indicators of policy performance and *inflation*, *economic growth*, and *unemployment* as indicators of macroeconomic performance. To be able to capture Dutch macroeconomic performance with respect to (un)employment more adequately, two additional comparative employment indicators will be used as well: *total employment* and *employment growth*. Finally, as a last comparative indicator for macroeconomic performance I will use the *misery index* (inflation plus unemployment combined).

Inflation, economic growth, and unemployment are well established cross-national indicators for macroeconomic performance or economic welfare (see for instance Katzenstein 1985; Lehner 1987; Keman 1988, 1993; Castles 1989; Horn 1993; Layard et al. 1994; Pennings 1997; Woldendorp 1997b; Lijphart 1999; Pennings et al 1999; Armingeon et al 2000; Lane and Ersson 2000; and Traxler and Kittel 2000).

Total employment and employment growth are indicators that until recently were less frequently used in international comparative research (but see Visser and Hemerijck 1997; Hoogenboom and van Vliet 2000: 3; Keese 2000: 55-57; Scharpf and Schmidt 2000; Scharpf 2001: 66; Andeweg and Irwin 2002: 183, 184; see also chapter 2, section 2.3).

The budget deficit, public expenditure and social security transfers are also long-standing cross-national indicators. They inform on the size of the public economy and the welfare state of a country or a group of countries. These indicators are extensively used in the international comparative discussion on the issue of the retrenchment or transformation of the welfare state (see for instance Esping-Andersen 1996; Pierson 1996, 2001; Castles 1998, 2002, 2004; Keman 1998a, 2003; Armingeon 1999; Stephens et al 1999; van Kersbergen 2000; Kuhnle 2000; Huber and Stephens 2001; and Swank 2001).

I will therefore use the following indicators in my discussion of the Dutch case, both comparatively, and when discussing the relation between Dutch neo-corporatism, policy performance, and macroeconomic performance:

- the budget deficit - general government gross public debt as a percentage of Gross Domestic Product (GDP);
- public expenditure - total outlays of government as a percentage of GDP;
- social security transfers - social security transfer payments as a percentage of GDP;
- rate of inflation - consumer price index, percentage change from previous year;
- economic growth - annual economic growth as a percentage of GDP;

- unemployment - standardised unemployment rates as a percentage of the total labour force aged 15-64;
- total employment - total number of employed as a percentage of the population aged 15-64;
- employment growth - annual percentage change of the total labour force;
- misery index - inflation plus unemployment.

For all indicators, the scores of the countries have been collected on an annual basis for the period 1965 - 2000, if that information was available from the OECD and other sources (for a full explanation of sources used see Tables 8.4 and 8.6).

I intend to use the policy performance and macroeconomic performance of other (groups of) countries as a benchmark to establish whether or not the Dutch case is indeed different or even exceptional. This comparison is not a new case study based on ‘thick’ description of the formation and implementation of incomes policy between 1965 and 2000 in the (groups of) countries concerned. Nor is this comparison a pooled statistical analysis in order to establish causal relations between variables (see Ragin 1987; Janoski and Hicks 1994). Rather, as a measure for comparison I will use the mean. I have opted for this measure, firstly, because the mean gives a concise description of the typical performance of countries and groups of countries on the various indicators for each selected period of time. Secondly, because all the indicators are measured on a ratio scale (see Norusis 1988: 94-109, 180-194; Pennings et al 1997: 119-123, 152; and de Vocht 1997: 131-149).⁵⁸

8.2 *Periods of comparison*

The first period in which the countries’ mean scores on the indicators will be compared is obviously the whole period under investigation: 1965 - 2000.

The second period of comparison is the period 1965 - 1982. This period concerns, as it were, the pre-‘Polder Model’-period. With hindsight, Dutch literature on the ‘Polder Model’ and the ‘Dutch Miracle’ it apparently produced in the late 1990s, takes the ‘Wassenaar Agreement’ between social partners in December 1982 as the starting point of the model⁵⁹ (see for instance Visser and Hemerijck 1997: 12/13; van Empel 1997: 17; Albeda et al 1998: 92; Muysken 1999; Andeweg 2000; Delsen 2000: 9; Andeweg and Irwin 2002: 182; the Economist 2002; den Butter and Mosch 2003; and Mosch 2004).

58. In this case, the mode is not a particular useful measure of central tendency (Norusis 1988: 102; Pennings et al 1997: 117).

59. In chapter 2 and chapters 4-6, I have argued that a ‘Polder Model’ cannot be identified in the Netherlands. Not in the 1980s, nor in the 1990s.

By definition, the third period covers 1983 - 2000, the period of the 'Polder Model' and its alleged macroeconomic effect in the late 1990s: the 'Dutch Miracle'. This enables me to compare Dutch performance before and after the advent of the perceived new model.

The fourth period covers the period of the 'Dutch Disease': 1978 - 1985. From the literature on the disease (and the miracle) it is not quite clear in which exact period the 'Dutch Disease' is actually located. Researchers sometimes tend to be quite fuzzy in their periodisation. A majority of researchers locate the 'Dutch Disease' at the end of the 1970s into the early 1980s, without any other specification as to when the end of the 1970s starts or the early 1980s end (see for instance Hartog 1999; Brouwer and Labohm 2000; Delsen 2000; van Sinderen 2000; Stokman 2000; and the Economist 2002). Other researchers locate the start of the disease much earlier. Hemerijck et al (2000), Andeweg and Irwin (2002: 186, 189), and den Butter and Mosch (2003; see also Mosch 2004: 96), state that the disease is the result of the 1973 oil crisis and that it actually starts then. They refrain from specifying an end to the period of disease (Hemerijck et al 2000), or they locate the end of the period of disease in either the early 1980s (Andeweg and Irwin) or quite specifically in 1982 (den Butter and Mosch; see also Mosch 2004: 115 ff.). Van Empel (1997) is also quite specific on the end of the period of the disease: 1982; but much less so on the start: the 1970s. The SCP (2000) stretches the period of the disease considerably: from the 1970s until the first half of 1980s. They locate the start even earlier than den Butter and Mosch, and Andeweg and Irwin, and they locate the end a few years after 1982. Salverda (1999) on the other hand, locates the disease in the 1980s as a whole, while Hazeu (1998) gives the shortest possible period for the disease: the early 1980s. Based on the above periodisations, the possible range for the period of the 'Dutch Disease' stretches from 1970 right up to 1989. The majority of the researchers, however, locate the period of the 'Dutch Disease' between the late 1970s and the early 1980s. As these researchers all published after the discovery of the 'Dutch Miracle' by Visser and Hemerijck (1997) and the subsequent discovery of the 'Polder Model' that appeared to be responsible for the miracle, they may have been influenced by the date of the 'Wassenaar Agreement' between trade unions and employers' organisations of December 1982. That agreement and that date is now 'common wisdom', but they are in my view incorrectly taken as a watershed between a failed model of negotiations on incomes policy between 1965 and 1982, and a new, more effective 'Polder Model' after 1982 that eventually produced the 'Dutch Miracle' in the 1990s (see chapters 2-6).

Above I have argued that the 'Dutch Disease' was characterised by especially mass unemployment and increasing budget deficits, resulting in increased public expenditure and social security transfer payments, combined with low economic growth and high inflation. Unemployment and budget deficits in the Netherlands

were rapidly increasing and especially high between 1978 and 1985 (see also Therborn 1986; and Braun 1989). For that reason, I regard the period of the 'Dutch Disease' to cover these years: 1978 - 1985. The start of this period is in line with that loosely given by most other researchers: the 'late' 1970s. However, with respect to the end of the period, I follow the SCP (2000), and locate the end of the period of the 'Dutch Disease' slightly later than other researchers: 1985. The fifth and final period covers the 'Dutch Miracle': 1995 - 2000. From the literature on model and miracle it is, as with the 'Dutch Disease', not exactly clear at what specific point in time this 'Dutch Miracle' actually appeared. Visser and Hemerijck (1997: 9/10) place its emergence somewhere during 1996 and 1997. So does van Empel (1997: 5). Both refer to reports that appeared in the international press during 1996 and 1997 (see also Becker 2001a). In these reports the unexpectedly positive performance of the Dutch economy in those years was discussed. Unexpectedly, as the Dutch case hitherto had been most famous internationally for its 'Dutch Disease'. Andeweg and Irwin (2002: 145) loosely refer to the 'late 1990s' as the period of the 'Dutch Miracle'. Muysken (1999) and Keman (2003) locate the period of the miracle in the second half of the 1990s. Other researchers, however, refer to the whole period 1990 - 2000 (Hoogenboom and van Vliet 2000; see also the Economist 2002; and Keman 2003), or even to the period 1982/1983 - 2000. That is, from the 'Wassenaar Agreement' until the end of the period (see for instance Hazeu 1998; Stokman 2000; and den Butter and Mosch 2003). Clearly, this last periodisation must be incorrect as it simply conflates the start of the period of the presumed 'Polder Model' with its actual performance, or the 'Dutch Miracle', that was only just discovered by Visser and Hemerijck (1997).

Based on the above periodisations, the period of the 'Dutch Miracle' may stretch from 1982 right up to 2000. There is much less agreement among researchers about the period of the miracle than there was about the period of the disease. Most researchers, however, do agree that the 'Dutch Miracle' is essentially characterised by job growth, that is, low unemployment, and by lower budget deficits, resulting from reduced public expenditure and reduced social security transfer payments, combined with an economic recovery and low inflation. Unemployment and the budget deficit in the Netherlands started to come down from about 1995. That may also explain a certain time-lapse between actual performance and the moment that performance is also noticed in various international statistical and other (press) reports. Therefore, 1995 is, in my view, a reasonable starting point for the alleged 'Dutch Miracle' (see also Becker 2001a).

I will therefore use the following periodisation to compare Dutch performance to that of other (groups of) countries:

- 1965 - 2000 - the whole period under investigation;
- 1965 - 1982 - the pre-'Polder Model'-period;

- 1983 - 2000 - the period of the alleged 'Polder Model';
- 1978 - 1985 - the period of the 'Dutch Disease', characterised by rapidly increasing or high unemployment and budget deficits;
- 1995 - 2000 - the period of the 'Dutch Miracle', characterised by rapidly decreasing or low unemployment and budget deficits.

8.3 *Countries included in the comparison*

The first selection of countries that will be compared to the Netherlands are the other developed liberal western democracies with market economies that are, as the Netherlands, members of the Organisation for Economic Co-operation and Development (OECD - see also Castles 1998: 5 ff.). Membership of the OECD has an impact on the member countries' macroeconomic policies (see for the Netherlands: Binnema 2004).

This selection of countries includes 19 countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece (1974), Ireland, Italy, New Zealand, Norway, Portugal (1974), Spain (1976), Sweden, Switzerland, the United Kingdom, and the United States of America.⁶⁰

The second selection of countries for the comparison with the Netherlands is the European Union (EU), of which the Netherlands is a founding member. Especially through the preparation for a European Monetary Union (EMU) and a common currency (the Euro) in the 1990s, membership of the EU also had an important impact on the member states' macroeconomic policies.⁶¹ The EU countries are also all members of the OECD. Included in the EU selection are 13 countries: Austria (1995), Belgium, Denmark (1973), Finland (1995), France, Germany, Greece (1981), Ireland (1973), Italy, Portugal (1986), Spain (1986), Sweden (1995), and the United Kingdom (1973). All countries are included in the selection from either 1965 or the year they joined the EU. As with the OECD selection, Luxembourg is excluded for its small size.

The final selection of countries is a group of neo-corporatist West-European countries to which also the Netherlands belong according to most comparative cross-national research. These seven countries are Austria, Belgium, Denmark, Finland, Norway, Sweden, and Switzerland.⁶² All countries are included in the selection for the whole period 1965 - 2000.

60. I have excluded Iceland and Luxembourg from the selection of OECD countries because of their small size; Israel because that country from a macroeconomic point of view virtually operates on the footing of a war economy; and Japan and Turkey as non-western democracies. Lastly, Greece, Portugal and Spain are included from the point in time these countries (re)joined the universe of western democracies.

61. Denmark, Sweden and the United Kingdom did not join the EMU (and the Euro).

62. All countries are members of the OECD. All countries, except Norway and Switzerland, are members of the EU as well, but Denmark, Sweden and the United Kingdom did not join the EMU (i.e. the Euro).

If a comparison of these countries' performance and that of the Netherlands shows that the Dutch case is indeed different or exceptional, that would support the research suggesting that there was a 'Dutch Disease' and a 'Dutch Miracle'. If, on the other hand, a comparison between the macroeconomic performance of the Netherlands and these groups of countries fails to show that the Dutch case is indeed different or exceptional, than the research suggesting that the Netherlands experienced both a disease and a miracle is not supported.

The neo-corporatist countries in the final selection of countries do share a lot of characteristics with the Netherlands. They are small and dependent on the world market (Cameron 1978, 1984; Katzenstein 1985; Czada 1987; Lijphart and Crepaz 1991; Pennings 1997; see also Table 8.1). They are all parliamentary democracies that have an electoral system based on proportional representation that result in multi-party systems without a majority party. Multi-party systems without a majority party usually make it necessary to form coalition governments (Woldendorp et al 2000). They are also all considered to be neo-corporatist, although researchers may disagree on the actual level of neo-corporatism (see Lijphart and Crepaz 1991; Pennings 1997; Siaroff 1999; and chapter 2, section 2.6).⁶³ And they are all consensus democracies (as opposed to majoritarian democracies: Lijphart and Crepaz 1991; Lijphart 1999: 248, 255; see also Table 8.1). In Table 8.1 the scores on consensus democracy and world market dependence of the eight small neo-corporatist West European countries are compared to those of the other western democracies in the OECD universe. Only those countries that are relevant for the period under investigation, 1965-2000, are included. First, the variation within the group of eight countries will be discussed. Then these will be compared to the other nations. Both individually and as a group. There is some variation in scores on neo-corporatism within the group of eight countries. Nevertheless, in general they are regarded as neo-corporatist. The greatest differences of opinion are about Switzerland. But Lijphart and Crepaz (1991) conclude that most researchers do consider Switzerland to be neo-corporatist. Siaroff (1999: 184) on the other hand, concludes that with respect to neo-corporatism Switzerland (with France) belongs to the cases "without agreement on placement or even on conceptualisation". However, in presenting his own ranking of 'integrated' economies, Siaroff (1999: 198) firmly places Switzerland in the neo-corporatist universe.

With respect to consensus democracy, with the exception of Austria, the eight

63. For an overview of country scores on different scales of neo-corporatism developed by various researchers, see also Woldendorp 1997b: 51; Pennings et al 1999: 284; Armingeon 2002; and Vergunst 2004: chapter 3. In addition, Lehbruch 1984; Schott 1984; Schmidt 1986; and Lehner 1988 have published scores of OECD-countries on neo-corporatism scales.

Table 8.1: Country scores on consensus democracy and world market dependence

Country	CD 1 L 99	CD 2 L 99	WM 1 P 97	WM2 A 2000
Austria	0.26*	1.08	66.3	78.5
Belgium	1.42	0.21	108.0	137.7
Denmark	1.45	-0.38	62.0	67.0
Finland	1.66	-0.83	54.2	60.1
Netherl.	1.16	0.35	94.3	110.7
Norway	0.92	-0.65	86.4	72.1
Sweden	1.04	-0.79	53.3	67.0
Switzerl.	1.87	1.61	65.5	69.7
<i>Average</i>	<i>1.22</i>	<i>.08</i>	<i>73.8</i>	<i>82.9</i>
Australia	-0.67	1.72	32.2	37.8
Canada	-1.07	1.88	47.3	66.1*
France	-0.93	-0.17	37.1	44.1
Germany	0.23	2.53	45.8	50.8
Greece**	-0.74	-0.75	44.0	44.8
Ireland	0.12	-0.42	95.1*	131.3*
Italy	1.16*	-0.11	42.7	43.9
Nw Zeal.	-1.12	-1.77	52.2*	53.4
Portugal**	0.36	-0.70	63.8	66.5
Spain**	-0.59	0.42	36.8	43.0
UK	-1.39	-1.19	50.2*	53.1
USA	-0.52	2.36	13.5	22.3
<i>Average</i>	<i>-0.47</i>	<i>.54</i>	<i>47.8</i>	<i>52.5</i>
Range of scale	-2 - +2	-2 - +2	--	--

Sources: CD 1 & CD 2 are the two dimensions of consensus democracy cf. Lijphart (1999: 312). Dimension 1 is the Executive-Party dimension, dimension 2 is the Federal-Unitary dimension. Both for the period 1971-1996. Lane and Ersson (2000), Armingeon (2002) and Vergunst (2004: chapter 2) argue that the Federal-Unitary dimension of consensus democracy is in effect less important to explain 'politics'.

WM1 is world market dependence 1965-1988 in Pennings (1997: 77). WM2 is world market dependence 1990-1998 based on Armingeon et al (2000). Both measure world market dependence as imports plus exports in percentage of GDP. (**) Greece, Portugal, and Spain: WM1 and WM2 both based on Armingeon et al (2000).

There are some exceptions (*). This only shows the need to measure more precisely what produces neo-corporatism - see for instance Pennings and Vergunst (2001).

countries all score high on the Executive-Party dimension of multi-party systems based on proportional representation and coalition governments. And despite its lower score, Austria is in this respect also more a consensus democracy than a majoritarian democracy (see also Vergunst 2004: chapter 2).

There is more variation on the Federal-Unitary dimension. Austria and Switzerland are federal states. The Scandinavian countries are all unitary states. Belgium (before federalisation in 1995) and the Netherlands are unitary states with some 'federal' tendencies (Lijphart 1999: 314).⁶⁴

World market dependence for the eight countries is high. For the period 1965-1988 it is above 50 per cent of GDP and for the 1990s it is above 60 per cent of GDP. There is some within variation that hardly changes between periods. Except Norway, the countries maintain their relative positions. Belgium and the Netherlands have the highest dependency in both periods: above 90 (1965-1988) and above 100 (1990s). Austria, Denmark, Finland, (Norway), Sweden and Switzerland score between 50 and 70 (1965-1988) and between 60 and 80 (1990s).

Comparing the group of eight countries to the other nations under review here yields the following picture. Except for Germany, the other nations are clearly not neo-corporatist. Germany is by many considered as a neo-corporatist country and falls in the same category of neo-corporatism as the Netherlands and Denmark. According to Siaroff (1999: 184) the country is more neo-corporatist than for example Finland and Belgium.

With respect to consensus democracy, Italy, Germany, Ireland, and Portugal also have a positive score on the Executive-Party dimension of multi-party systems based on proportional representation and coalition governments. Italy scores as high as the Netherlands and higher than Austria, which of the group of eight scored lowest on this dimension of consensus democracy. Portugal scores much lower than Italy, but still higher than Austria. Germany and Ireland also have positive scores, but these are lower than Austria's.

On the second, Federal-Unitary dimension, there is as much variation between the other countries as there is in the group of eight countries. Australia, Canada, Germany, and the United States of America are federal states. France, Greece, Italy, New Zealand, Portugal and the United Kingdom are unitary states. Spain is a unitary state with some 'federal' tendencies. This suggests that this dimension of consensus democracy is less important for explaining 'politics' (Lane and Ersson 2000; Armingeon 2002; and Vergunst 2004: chapter 2)

On world market dependence the group of eight countries scores above 50% (1965-1988) and above 60% (1990s). In the period 1965-1988, the other nations score below 50, except for Ireland (95.1), New Zealand (52.2), Portugal (63.8)

64. Keman (2000) shows that for the Netherlands this classification is dubious.

and the United Kingdom (50.2). In the 1990s, the other countries score below 60, except for Ireland (131.3), Portugal (66.5), and Canada (66.1).

The comparison between the eight small neo-corporatist West European countries and the other nations shows that:

- Germany is considered to be neo-corporatist by many;
- Italy, Germany, Ireland, and Portugal score high or positive on the Executive-Party dimension of the consensus democracy model;
- Ireland, (New Zealand), Canada (the United Kingdom), and Portugal are dependent on the world market.

Ireland and Portugal⁶⁵ are, like the group of eight countries, also dependent on the world market and score high on the Executive-Party dimension of consensus democracy. But these are clearly no neo-corporatist countries according to Lijphart (1999) and Siaroff (1999).

Canada, New Zealand, and the UK are countries that are, like the group of eight countries, also dependent on the world market. But they are not neo-corporatist, nor are they consensus democracies with respect to the Executive-Party dimension (see also Castles 1993).

Germany is considered as neo-corporatist, like the group of eight countries, and tends towards a consensus democracy. Yet as a large country it is less dependent on the world market.

Lastly, Italy is, like the group of eight countries, a consensus democracy with respect to the Executive-Party dimension. But it is neither neo-corporatist, nor is it as a large country as dependent on the world market.

Based on these considerations, I conclude that the eight small neo-corporatist West European countries are more similar than dissimilar with respect to neo-corporatism, consensus democracy and world market dependence. And that as a group they can be indeed distinguished from other developed western democracies. In that sense, they form a 'natural group' (Peters 1998: 74; see also Lijphart 1971; Lijphart 1975; and Dogan and Pelassy 1990).

Given the great similarities between the neo-corporatist countries, a comparison of these countries' performance and that of the Netherlands that shows that the Dutch case is indeed different or even exceptional would even more than with the comparison to the OECD and EU countries support the research suggesting that there was both a specifically 'Dutch' disease and also a specifically 'Dutch' miracle. I will therefore compare the Netherlands' performance to the following (groups of) countries:

65. Vergunst (2004: chapter 9) shows that Portugal experienced a shift from a more consensual political system to a more majoritarian political system and back again between 1974 and 1998.

Table 8.2: Performance of the Netherlands compared to performance of the OECD, the EU, and seven other small neo-corporatist West-European countries 1965 – 2000

Country	1965-2000		1965-1982		1983-2000		Change 1965 - 2000
<i>Policy performance</i>							
Budget deficit	[standard deviation]						
Netherlands	-2.8	[1.9]	-2.0	[1.8]	-3.6	[1.7]	-1.8
NCS	-0.1	[4.3]	+0.8	[3.9]	-1.1	[4.4]	+0.1
EU	-4.4	[3.9]	-4.4	[3.8]	-4.3	[3.9]	0.0
OECD	-2.3	[4.3]	-1.6	[4.2]	-3.0	[4.3]	+0.4
Social security transfers							
Netherlands	22.1	[4.8]	28.4	[5.2]	23.7	[3.9]	+5.5
NCS	15.1	[4.1]	13.0	[3.9]	17.3	[3.2]	+6.8
EU	15.8	[3.0]	15.0	[3.1]	16.2	[2.9]	+2.3
OECD	13.7	[4.1]	12.1	[3.9]	15.4	[3.5]	+5.4
Public expenditure	[standard deviation]						
Netherlands	52.1	[7.1]	51.0	[7.4]	53.2	[6.8]	+2.9
NCS	46.5	[11.4]	41.5	[10.9]	51.4	[9.5]	+13.8
EU	47.0	[7.4]	43.9	[6.8]	48.6	[7.1]	+8.9
OECD	43.6	[9.5]	39.8	[9.0]	46.9	[8.7]	+10.0
<i>Macroeconomic performance</i>							
Inflation	[standard deviation]						
Netherlands	4.2	[2.8]	6.3	[2.1]	2.0	[1.1]	-1.7
NCS	5.2	[3.5]	7.1	[3.5]	3.3	[2.3]	-2.4
EU	6.3	[5.4]	9.5	[5.8]	4.6	[4.3]	-1.1
OECD	6.6	[5.4]	8.9	[5.6]	4.6	[4.2]	-1.4
Economic growth	[standard deviation]						
Netherlands	3.1	[1.8]	3.3	[2.3]	2.9	[1.0]	-1.7
NCS	2.8	[2.2]	3.2	[2.4]	2.4	[1.9]	-0.6
EU	2.9	[2.3]	3.0	[2.5]	2.9	[2.2]	-0.1
OECD	3.0	[2.4]	3.2	[2.6]	2.8	[2.2]	-0.3
Unemployment	[standard deviation]						
Netherlands	4.8	[2.5]	3.4	[2.4]	6.2	[1.8]	+2.2
NCS	4.3	[3.3]	2.7	[2.3]	5.8	[3.3]	+3.9
EU	8.0	[4.2]	5.0	[2.7]	9.6	[4.0]	+5.3
OECD	6.1	[4.2]	3.9	[2.8]	8.1	[4.2]	+4.5
Total employment	[standard deviation]						
Netherlands	55.9	[3.2]	57.0	[2.7]	55.0	[3.4]	+0.2
NCS	70.4	[7.5]	70.5	[6.1]	70.4	[8.3]	+2.3
EU	61.8	[7.8]	63.7	[6.3]	61.0	[8.2]	+2.3
OECD	65.5	[8.0]	66.2	[6.4]	65.0	[8.9]	+0.4
Employment growth	[standard deviation]						
Netherlands	1.0	[1.4]	0.1	[1.1]	1.6	[1.2]	+2.6
NCS	0.5	[1.5]	0.7	[1.1]	0.4	[1.7]	+0.3
EU	0.7	[1.6]	0.3	[1.2]	0.8	[1.7]	+1.6
OECD	0.8	[1.7]	0.8	[1.4]	0.8	[1.8]	+0.8

Table 8.2: Performance of the Netherlands compared to performance of the OECD, the EU, and seven other small neo-corporatist West-European countries 1965 – 2000 (continued)

Country	1965-2000		1965-1982		1983-2000		Change 1965 - 2000
Macroeconomic performance (continued)							
Misery index	[standard deviation]						
Netherlands	9.0	[2.9]	9.7	[3.4]	8.2	[2.0]	+0.5
NCS	9.5	[4.1]	9.8	[4.8]	9.1	[3.4]	+1.6
EU	14.3	[6.3]	14.5	[7.5]	14.2	[5.7]	+4.2
OECD	12.8	[6.5]	12.8	[7.1]	12.7	[5.9]	+3.1

Note: Measure of comparison is the mean (average of scores of indicators of performance per period). Misery index is mean of inflation plus unemployment per period (see below).

Change 1965 – 2000 for the Netherlands is the difference between the absolute score on indicators in 1965 and the absolute score on indicators in 2000 (or the last year for which data were available – see below). Change 1965 – 2000 for NCS, EU, and OECD is the difference between the mean score of member countries on indicators in 1965 and the mean score of member countries on indicators in 2000 (or the last year for which data were available – see below). A positive (+) change indicates an increase; a negative (-) change indicates a decrease.

NCS: Austria, Belgium, Denmark, Finland, Norway, Sweden, and Switzerland.

EU: Austria (1995), Belgium, Denmark (1973) Finland (1995), France, Germany (before reunification in 1990 West-Germany only), Greece (1981), Ireland (1973), Italy, Portugal (1986), Spain (1986), Sweden (1995), and UK (1973). Excluded are Luxembourg (small size) and the Netherlands.

OECD: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany (before reunification in 1990 West-Germany only), Greece (1974), Ireland, Italy, New Zealand, Norway, Portugal (1974), Spain (1976), Sweden, Switzerland, UK, and USA. Excluded are Iceland and Luxembourg (small size), Israel (economy on a war footing since 1973), Japan and Turkey (non-western democracies), and the Netherlands.

Budget deficit: General government gross public debt in percentage of GDP; 1965-1999. New Zealand 1986-1999. Austria, Belgium, Denmark, Finland, Netherlands, Norway, Sweden, and Switzerland: 1965-2000

Social security transfers: Total social security transfer payments as a percentage of GDP. Missing data: New Zealand 1983-2000. Social security transfers in the Netherlands show a sudden unexplained sharp drop of some 10 percentage points of GDP between 1994 and 1995. According to the OECD *Economic Outlook 2001* 4.9 percentage points of this 10 per cent drop in 1995 are due to new definitions and a new way of accounting in the Netherlands. Part of this adjustment may be the result of semi-privatization of former government agencies. A comparable difference (5.1 percentage points) is noted for social expenditures (including social security transfers) in the Netherlands in 1998. Accordingly, the social security transfers for the Netherlands from 1995 have been adjusted upwards with 5 percentage points of GDP.

Public expenditure: Total outlays of government as a percentage of GDP. Missing data: New Zealand 1965-2000; Greece, Portugal and Spain: 1965-1986; Canada: 1999, 2000; Switzerland: 2000; USA: 1998-2000.

Inflation: Consumer price index, percentage change from previous year.

Economic growth: Annual economic growth in percentage of GDP.

Unemployment: Standardized unemployment rates as a percentage of the total labour force aged 15-64. Switzerland from 1975.

Total employment: Total number of employed as a percentage of the population aged 15-64; 1970-2000. Italy, the Netherlands, and New Zealand 1970-1998.

Employment growth: Annual percentage change of the total labour force; 1970-2000.

Misery index: Inflation plus unemployment.

Sources: OECD (various editions of *Economic Outlook*, *Historical Statistics*, *Labour Force Statistics*, *Employment Outlook*); Wagschal (1996); Armingeon et al (2000); Scharpf and Schmidt (2000): 342.

Table 8.3: Summary of Dutch performance 1965 – 2000 from a comparative perspective

Indicator	Rank order Dutch performance	Dutch performance compared to performance of other countries
Budget deficit	2nd highest	Lower
Social security transfers	1st highest	Lower
Public expenditure	1st highest	Lower
Inflation	1st lowest	Higher
Economic growth	1st highest	Higher
Unemployment	2nd lowest	Higher
Total employment	1st lowest	Lower
Employment growth	1st highest (1965-2000; 1983-2000)	Higher
Employment growth	1st lowest (1965-1982)	Lower
Misery index	1st lowest	Higher
Overall Dutch performance higher on five indicators; lower on five indicators		

Note: Rank order of Dutch performance refers to position of (mean of) Dutch performance compared to the (mean of) performance of the other groups of countries between 1965 and 2000, between 1965 and 1982, and between 1983 and 2000. Highest and lowest refer to actual performance. For instance, if the rank order of Dutch performance on the budget deficit is scored as 2nd highest, this means that the mean of the actual budget deficit in the Netherlands was the second highest compared to the other groups of countries (see Table 8.2).

Dutch performance compared to the performance of other countries shows whether the rank order of Dutch performance is relatively lower or higher than the performance of the other groups of countries in these periods.

Source: Table 8.2.

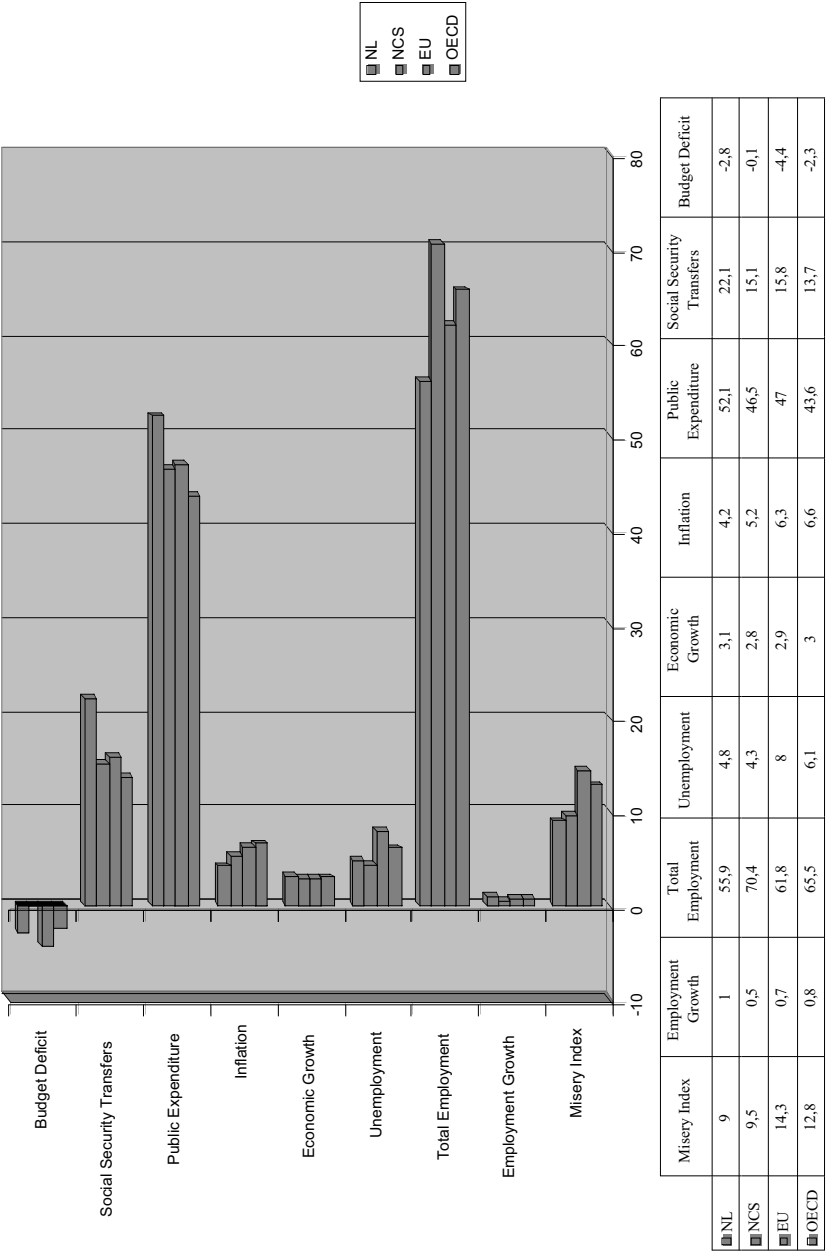
- 19 OECD member states (excluding Iceland, Israel, Japan, Luxembourg, and Turkey);
- 13 EU member states (excluding Luxembourg);
- seven other small neo-corporatist West-European countries (Austria, Belgium, Denmark, Finland, Norway, Sweden, and Switzerland).

8.4 Dutch performance between 1965 and 2000 from a comparative perspective

Table 8.2 shows that comparatively Dutch performance is quite stable, except for employment growth. The Dutch case is not exceptional. Neither negative, nor positive. Depending on the period, the Netherlands performed comparatively strong on five indicators, but on five other indicators it did not. The country especially scored lower than the other groups of countries on policy performance: the budget deficit, social security transfers, and public expenditure; and higher on macroeconomic performance: inflation, economic growth, unemployment, the misery index and employment growth (see Table 8.3 and Figure 8.1 for a summary). Hence, the often assumed direct relation is not visible on case level.

Dutch performance between 1965 and 2000 was lower than that of the other

Figure 8.1: Average performance 1965-2000



groups of countries with regard to the *budget deficit*, *social security transfers*, *public expenditure*, *total employment* and *employment growth* (between 1965 and 1982). Performance was higher with respect to *inflation*, *economic growth*, *unemployment*, *employment growth* (between 1965 and 2000 and between 1983 and 2000), and the *misery index*.

The relative position of the Netherlands with regard to the budget deficit has remained stable. The country consistently scored the second highest deficit after that of the other EU countries, despite showing the largest decrease of the deficit between 1965 and 2000.

The Netherlands has also consistently scored highest of all groups of countries on social security transfers. And transfer payments between 1965 and 2000 increased with the OECD average.

In line with social security transfers, the Netherlands also consistently scored highest of all groups of countries on public expenditure in general, despite showing the lowest increase of all countries between 1965 and 2000.

In all periods, the Netherlands performed stronger than all other groups of countries with regard to inflation. The country also showed the second largest decrease in inflation between 1965 and 2000.

The Netherlands also performed stronger than the other groups of countries with regard to economic growth. However, differences with the other groups of countries were minor, except with the neo-corporatist countries between 1983 and 2000. The Netherlands also showed the largest decrease in economic growth between 1965 and 2000.

With regard to unemployment the performance of the Netherlands remained stable as well. The country consistently scored the second lowest level of unemployment. Besides, the country experienced the lowest increase in unemployment between 1965 and 2000. However, the Netherlands also consistently scored lowest on total employment and showed the lowest increase in total employment between 1965 and 2000. With regard to employment growth, the Netherlands showed a varied pattern. Employment growth was highest of all countries for the whole period 1965 - 2000 and for the period 1983 - 2000. It was lowest of all countries during the period 1965 - 1982. The country also scored the highest increase in employment growth between 1965 and 2000. This means that employment growth was highest after 1982.

Finally, due to Dutch performance on inflation and economic growth (see above), the country consistently scored lowest on the misery index.

Hence, we can conclude that from a comparative perspective the Netherlands was neither a completely different nor a wholly exceptional case. This conclusion holds for the country's performance over the whole period 1965 - 2000, as well as for its performance in the periods before and during the alleged 'Polder Model': 1965 - 1982 and 1983 - 2000.

Table 8.4: Performance of the Netherlands compared to performance of the OECD, the EU, and seven other small neo-corporatist West-European countries during the period of the ‘Dutch Disease’ and the ‘Dutch Miracle’

Country	1978-1985 ‘Dutch Disease’		1995-2000 ‘Dutch Miracle’		Change ‘Dutch Disease – ‘Dutch Miracle’
<i>Policy performance</i>					
Budget deficit [standard deviation]					
Netherlands	-4.6	[1.5]	-1.7	[1.3]	-2.9
NCS	-1.5	[5.0]	-0.2	[3.7]	-1.3
EU	-6.7	[3.8]	-2.4	[2.6]	-4.3
OECD	-3.9	[4.6]	-1.4	[3.3]	-2.5
Social security transfers					
Netherlands	26.7	[1.5]	18.6	[1.3]	-8.1
NCS	16.5	[3.6]	17.2	[2.8]	+0.7
EU	16.7	[3.3]	16.3	[3.2]	-0.4
OECD	14.8	[3.7]	15.3	[3.5]	+0.5
Public expenditure [standard deviation]					
Netherlands	59.0	[2.9]	45.1	[3.7]	-13.9
NCS	50.7	[11.4]	49.7	[7.4]	-1.0
EU	51.3	[6.3]	47.4	[7.3]	-3.9
OECD	47.1	[9.8]	45.4	[7.9]	-1.7
<i>Macroeconomic performance</i>					
Inflation [standard deviation]					
Netherlands	4.5	[1.7]	2.1	[0.2]	-2.4
NCS	7.2	[3.0]	1.6	[0.8]	-5.6
EU	10.4	[5.6]	2.3	[1.5]	-8.1
OECD	10.3	[5.7]	2.2	[1.4]	-8.1
Economic growth [standard deviation]					
Netherlands	1.5	[1.6]	3.4	[0.7]	+1.9
NCS	2.4	[1.9]	2.9	[1.3]	+0.5
EU	2.1	[1.7]	3.5	[2.2]	+1.4
OECD	2.4	[2.2]	3.4	[2.0]	+1.0
Unemployment [standard deviation]					
Netherlands	7.2	[1.5]	4.6	[1.5]	-2.6
NCS	4.5	[4.5]	6.6	[3.3]	+2.1
EU	8.1	[2.7]	9.3	[4.0]	+1.2
OECD	6.7	[3.9]	8.2	[3.8]	+1.5
Total employment [standard deviation]					
Netherlands	53.2	[2.1]	59.5	[1.9]	+6.3
NCS	70.6	[7.4]	69.7	[7.9]	-0.9
EU	61.9	[6.9]	62.7	[7.7]	+0.8
OECD	65.2	[7.6]	65.7	[8.5]	+0.5
Employment growth [standard deviation]					
Netherlands	-0.2	[1.6]	2.7	[0.5]	+2.9
NCS	0.6	[1.0]	1.2	[1.0]	+0.6
EU	0.2	[1.4]	1.4	[1.7]	+1.2
OECD	0.5	[1.5]	1.5	[1.5]	+1.0

Table 8.4: Performance of the Netherlands compared to performance of the OECD, the EU, and seven other small neo-corporatist West-European countries during the period of the ‘Dutch Disease’ and the ‘Dutch Miracle’ (continued)

Country	1978-1985 ‘Dutch Disease’		1995-2000 ‘Dutch Miracle’		Change ‘Dutch Disease – ‘Dutch Miracle’
Macroeconomic performance (continued)					
Misery index [standard deviation]					
Netherlands	11.7	[1.7]	6.6	[1.5]	-5.1
NCS	11.7	[4.8]	8.2	[3.2]	-3.5
EU	18.5	[5.9]	11.6	[4.4]	-6.9
OECD	16.9	[7.3]	10.4	[4.2]	-6.5

Note: Measure of comparison is the mean (average of scores of indicators of performance per period).

Misery index is mean of inflation plus unemployment per period (see below).

Change ‘Dutch Disease’ – ‘Dutch Miracle’ is the difference between the mean score on indicators during the period 1978-1985 and the mean score on indicators during the period 1995-2000.

NCS: Austria, Belgium, Denmark, Finland, Norway, Sweden, and Switzerland. A positive (+) change indicates an increase; a negative (-) change indicates a decrease.

EU: Austria (1995), Belgium, Denmark (1973) Finland (1995), France, Germany (before re-unification in 1990 West-Germany only), Greece (1981), Ireland (1973), Italy, Portugal (1986), Spain (1986), Sweden (1995), and UK (1973). Excluded are Luxembourg (small size) and the Netherlands.

OECD: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany (before re-unification in 1990 West-Germany only), Greece (1974), Ireland, Italy, New Zealand, Norway, Portugal (1974), Spain (1976), Sweden, Switzerland, UK, and USA. Excluded are Iceland and Luxembourg (small size), Israel (economy on a war footing since 1973), Japan and Turkey (non-western democracies), and the Netherlands.

Budget deficit: General government gross public debt in percentage of GDP; 1965-1999. New Zealand 1986-1999. Austria, Belgium, Denmark, Finland, Netherlands, Norway, Sweden, and Switzerland: 1965-2000

Social security transfers: Total social security transfer payments as a percentage of GDP. Missing data: New Zealand 1983-2000. Social security transfers in the Netherlands show a sudden unexplained sharp drop of some 10 percentage points of GDP between 1994 and 1995. According to the OECD *Economic Outlook 2001* 4.9 percentage points of this 10 per cent drop in 1995 are due to new definitions and a new way of accounting in the Netherlands. Part of this adjustment may be the result of semi-privatization of former government agencies. A comparable difference (5.1 percentage points) is noted for social expenditures (including social security transfers) in the Netherlands in 1998. Accordingly, the social security transfers for the Netherlands from 1995 have been adjusted upwards with 5 percentage points of GDP.

Public expenditure: Total outlays of government as a percentage of GDP. Missing data: New Zealand 1965-2000; Greece, Portugal and Spain: 1965-1986; Canada: 1999, 2000; Switzerland: 2000; USA: 1998-2000.

Inflation: Consumer price index, percentage change from previous year.

Economic growth: Annual economic growth in percentage of GDP.

Unemployment: Standardized unemployment rates as a percentage of the total labour force aged 15-64. Switzerland from 1975.

Total employment: Total number of employed as a percentage of the population aged 15-64; 1970-2000. Italy, the Netherlands, and New Zealand 1970-1998.

Employment growth: Annual percentage change of the total labour force; 1970-2000.

Misery index: Inflation plus unemployment.

Sources: OECD (various editions of *Economic Outlook*, *Historical Statistics*, *Labour Force Statistics*, *Employment Outlook*); Wagschal (1996); Armingeon et al (2000); Scharpf and Schmidt (2000): 342.

8.5 *The 'Dutch Disease' and the 'Dutch Miracle' from a comparative perspective*

Table 8.4 shows that comparatively Dutch performance indeed deteriorated during the period 1978 - 1985. During that period, the country's performance was lower than that of the other groups of countries with regard to the *budget deficit, social security transfers, public expenditure, economic growth, unemployment, total employment, and employment growth*.

Although this may seem to indicate a period of an overall 'Dutch' disease in terms of performance, it should be noted that the country's performance on the budget deficit, social security transfers, public expenditure, and total employment was comparatively lower during the other periods investigated as well: 1965 - 2000; 1965 - 1982; and 1983 - 2000 (see section 8.4). Therefore, the specifically 'Dutch' disease between 1978 and 1985 consisted of a comparatively lower performance on *economic growth, unemployment and employment growth*.

A period of an overall 'Dutch' miracle of performance can not be indentified either. Although Dutch performance during the period 1995 - 2000 did increase considerably compared to the period 1978 - 1985, overall performance was comparatively not stronger than in the other periods investigated: 1965 - 2000; 1965 - 1982; and 1983 - 2000 (see section 8.4). During the period of the 'Dutch' miracle the country's performance was higher than that of the other groups of countries with regard to *public expenditure* (due to a major reduction), *economic growth, unemployment and employment growth*. In that respect the 'Dutch' miracle was almost the exact reverse of the 'Dutch' disease. However, the country's performance was lower than that of the other groups of countries with respect to the budget deficit, social security transfers (despite a major reduction), and total employment (despite a considerable increase). The country's comparative performance on inflation also slightly deteriorated during the period of 'Dutch Miracle' (see Table 8.5 and Figure 8.2 for a summary).

Both during the 'Dutch' disease and the 'Dutch' miracle, the relative performance of the Netherlands with regard to the budget deficit remained stable. The country consistently scored the second highest deficit after that of the other EU countries, despite showing a considerable decrease of the deficit during the period 1995 - 2000.

The Netherlands also consistently scored highest of all groups of countries on social security transfers, in both periods, despite a decrease of some 30% in social security transfers during the period 1995 - 2000. In this period, the other groups of countries showed either a slight decrease: EU: 2.5%; or a slight increase: 4% for the neo-corporatist countries and 3.3% for the OECD. In other words, compared to the 'Dutch' disease, the 'Dutch' miracle with respect to social security transfers consisted of a major welfare state retrenchment accounting for a 30% reduction in social security transfers. Nevertheless, even during the 'Dutch' miracle, Dutch social security transfers remained highest of all groups of countries.

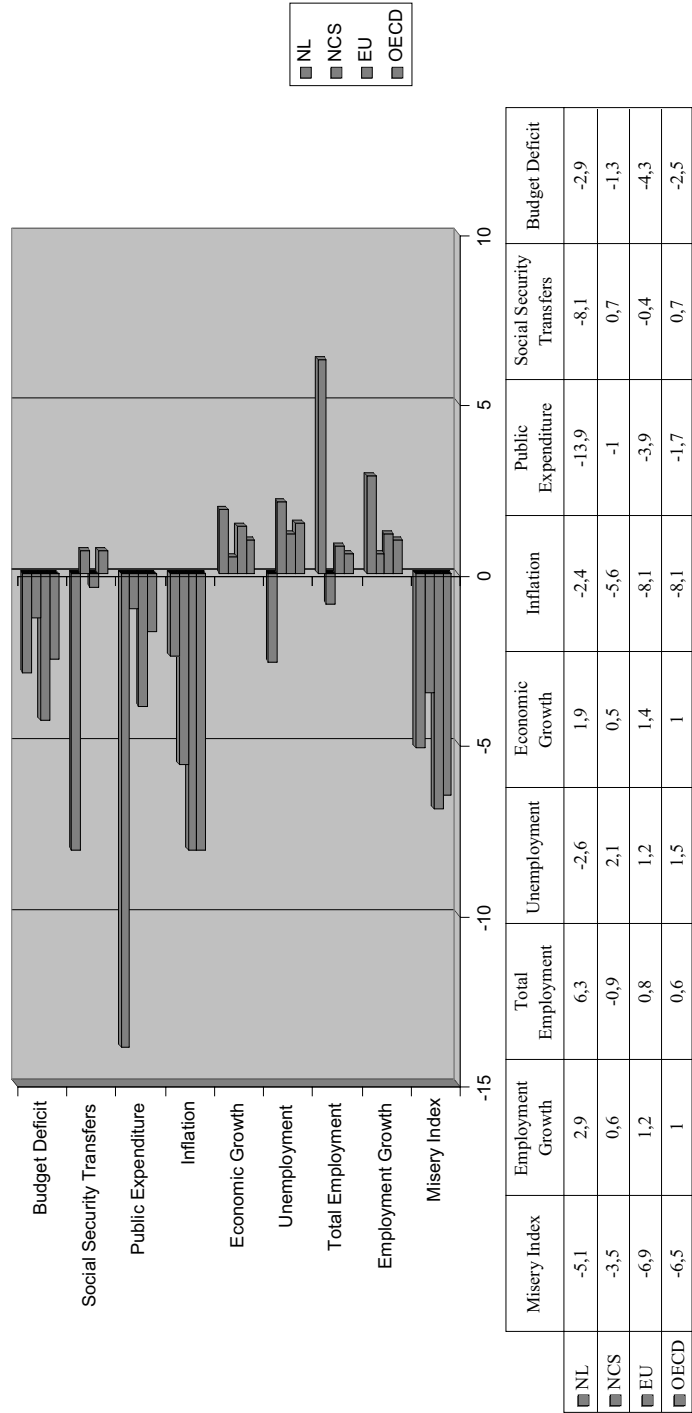
Table 8.5: Summary of Dutch performance during the 'Dutch Disease' and the 'Dutch Miracle' from a comparative perspective

Indicator	Rank order Dutch performance during the 'Dutch Disease'	Rank order Dutch performance during the 'Dutch Miracle'	Change of Dutch performance between 'Dutch Disease' and 'Dutch Miracle'
Budget deficit	2nd highest	2nd highest	No change
Social security transfers	1st highest	1st highest	No change, despite retrenchment
Public expenditure	1st highest	1st lowest	Higher, due to retrenchment
Inflation	1st lowest	2nd lowest	Lower
Economic growth	1st lowest	2nd highest (shared)	Higher, but differences minor
Unemployment	2nd highest	1st lowest	Higher
Total employment	1st lowest	1st lowest	No change, despite high increase
Employment growth	1st lowest	1st highest	Higher
Misery index	1st lowest (shared)	1st lowest	No change
Overall Dutch performance	Positive: 2; negative: 7	Positive: 5; negative: 4	Higher: 4; lower: 1; no change: 4

Note: Rank order of Dutch performance refers to position of (mean of) Dutch performance compared to the (mean of) performance of the other groups of countries during both the period of 'Dutch Disease' and 'Dutch Miracle'. Change of Dutch performance between 'Dutch Disease' and 'Dutch Miracle' shows whether Dutch performance in terms of rank order changes between the period of 'Dutch Disease' and Dutch Miracle'. Higher signifies that the rank order of performance changes positively, lower that the rank order of performance changes negatively.

Source: Table 8.4.

Figure 8.2: Change of performance between 'Dutch Disease' and 'Dutch Miracle'



Dutch performance with regard to public expenditure changed dramatically between the 'Dutch' disease and the 'Dutch' miracle. From the highest expenditure of all groups of countries during the period 1978 - 1985 to the lowest expenditure between 1995 and 2000. In other words, the 'Dutch' miracle with respect to public expenditure consisted of a considerably larger welfare state retrenchment than that of other groups of countries. Although all countries reduced their expenditure between 1995 and 2000, Dutch welfare state retrenchment was considerably larger with a reduction of some 23.5% than that of the EU (7.5%), the OECD (3.5%), or the neo-corporatist countries (2%).

Dutch performance with respect to inflation, however, was comparatively stronger during the period of the 'Dutch' disease than during the 'Dutch' miracle, despite a lower inflation in that period.

With regard to economic growth, Dutch performance was comparatively lowest during the 'Dutch' disease and considerably higher during the 'Dutch' miracle. Nevertheless, differences with the EU and the OECD countries were minimal.

And also with respect to unemployment, Dutch performance was comparatively one of the lowest during the 'Dutch' disease and the highest during the 'Dutch' miracle. Unemployment in the other countries actually increased during the period of the 'Dutch' miracle, whereas Dutch unemployment decreased considerably. However, with regard to total employment, Dutch performance during both periods was lowest of all other groups of countries, despite a major increase in total employment during the 'Dutch' miracle. Dutch performance with respect to employment growth changed from the lowest, in fact, negative growth during the 'Dutch' disease to the highest during the 'Dutch' miracle. That did not, however, result in a change of relative Dutch performance on total employment (see above). Finally, Dutch performance on the misery index during both the 'Dutch' disease and the 'Dutch' miracle remained the highest of all other groups of countries. Comparatively, therefore, the 'Dutch' disease was specifically characterised by low economic growth, negative employment growth, high unemployment, and high welfare state expenditure between 1978 and 1985. Whereas the 'Dutch' miracle was specifically characterised by high economic and employment growth and low unemployment, combined with a major retrenchment of the welfare state between 1995 and 2000.⁶⁶ Dutch retrenchment of the welfare state in the period 1995 - 2000 was not matched by the other (groups of) countries to which Dutch macroeconomic performance is compared. In fact, the only other country that experienced a major retrenchment of the welfare state in the same period was Ireland (Castles 2002: 622-623; see also Castles 2004).

In other words, between 1978 and 1985, Dutch macroeconomic performance was

66. For a more detailed discussion of various aspects of Dutch and other countries' welfare state retrenchment in the late 1990s, see Castles (2002, 2004).

considerably lower than that of other (groups of) countries with regard to economic growth, employment growth, and unemployment. Between 1995 and 2000, Dutch macroeconomic performance was considerably stronger with regard to economic and employment growth and unemployment. However, most of these new jobs were part time jobs, occupied mainly by young people and, especially, married women, while men above 55 years of age largely stopped working (Salverda 1999; Hemerijck et al 2000; WRR 2000: 45-49; Becker 2001; Hemerijck 2003; and Keman 2003). At the same time, Dutch welfare state expenditure was considerably reduced between 1995 and 2000. And this is an aspect of the 'Dutch' miracle that is not so often discussed in the international literature on the 'Dutch Miracle' (but see Green-Pedersen et al 2001; Green-Pedersen 2001⁶⁷; Castles 2002, 2004; and Keman 2003). To conclude, the 'Dutch' miracle between 1995 and 2000 consisted of a considerable increase in part time participation of women on the labour market, combined with a major retrenchment of the welfare state.

What we can observe, therefore, is a 'mixed' pattern, not a 'unique' change from an encompassing 'disease' to a complete 'miracle'. Comparatively, the specific 'Dutch' disease consisted of a lower macroeconomic performance in terms of economic and employment growth, and, consequently, higher unemployment. The specific 'Dutch' miracle comparatively consisted of higher macroeconomic performance in terms of economic and employment growth, resulting in lower unemployment, combined with a considerably larger retrenchment of the welfare state. Hence, from a comparative perspective, the Netherlands was a different and exceptional case with regard to the country's degree of welfare state retrenchment during the period of the 'Dutch Miracle', but in other respects it was not 'uniquely' different from other countries: neither positive nor negative.

8.6 *Effectiveness of incomes policy in terms of agendas and performance*

In this section I will investigate whether or not Dutch performance improves

67. Green-Pedersen (2001: 971 and 972 ff.) uses a different measure of welfare state retrenchment based on 'micro data (...) measuring what has happened to benefit levels, eligibility criteria, and so forth'. The combined budgetary effects of legislative measures between 1982 and 1998 that effected benefit levels and the like were calculated in terms of retrenchment (budgetary savings) or improvement (additional expenditure), compared to the expected expenditure based on the original social security schemes. Applied to unemployment benefits, old age pensions and disability pensions or early retirement benefits between 1982 and 1998, a welfare state retrenchment of between 17% (old age), 33.7% (unemployment) and 61.1% (disability) was calculated for the Netherlands. Note, however, that this measure of welfare state retrenchment does not necessarily signify a decrease in actual aggregated social expenditure of between 17% and 61.1%. The percentages show the difference between the expected expenditure based on the original social security legislation and the actual expenditure due to legislative and other measures to curb expenditure that were taken between 1982 and 1998.

when Dutch neo-corporatism is more effective in terms of the agendas of the actors involved in incomes policy (see chapter 6). To put it differently, does the 'Dutch Disease' indeed go together with less neo-corporatist incomes policies and with less effective neo-corporatist incomes policies in terms of Central Agreements and movements towards the core? Conversely, does the 'Dutch Miracle' go together with more neo-corporatist incomes policies and with more effective neo-corporatist incomes policies in terms of Central Agreements and movements towards the core?

The answers are affirmative with respect to Central Agreements. During the eight year period of the 'Dutch Disease' between 1978 and 1985, incomes policy was largely non-neo-corporatist and the two Central Agreements in this period in 1983 and 1984 were effectively forced upon social partners by the government of the day. The six year period of the 'Dutch Miracle' between 1995 and 2000 was characterised by exclusively neo-corporatist incomes policies that resulted in four Central Agreements (see Table 8.6 and chapters 4-6). In section 8.6.1, I will discuss the effectiveness of incomes policy in terms of Central Agreements in more detail. With respect to approaching the core, the answers appear to be less straightforward. During the eight year period of the 'Dutch Disease' between 1978 and 1985, incomes policy was indeed largely non-neo-corporatist and ineffective in approaching the core. However, in the only two years that a neo-corporatist incomes policy was implemented in 1978 and 1979, the core was indeed approached. Nevertheless, during the six year period of the 'Dutch Miracle' between 1995 and 2000, incomes policy was exclusively neo-corporatist and in four years the core was approached as well (see Table 8.7 and chapters 4-6). In section 8.6.2, I will discuss the effectiveness of incomes policy in terms of approaching the core in more detail.

8.6.1 Effectiveness of incomes policy in terms of Central Agreements and performance

During the period of the 'Dutch Disease' incomes policy was largely non-neo-corporatist and the two Central Agreements in this period were forced upon social partners by the government. During the period of the 'Dutch Miracle', however, incomes policy was exclusively neo-corporatist and four Central Agreements were reached.

That means that in the Netherlands between 1965 and 2000 a period of lower performance indeed went together with less, and less effective, neo-corporatist incomes policies in terms of Central Agreements, whereas a period of higher performance went together with more, and more effective, neo-corporatist incomes policies. This may have contributed to the notion of an effective Dutch 'Polder Model' after 1982.

But the question remains: what comes first? Does the *absence* of effective neo-

Table 8.6: Effectiveness of incomes policies in terms of Central Agreements and the 'Dutch Disease' and the 'Dutch Miracle'

Incomes policy and Central Agreements	1978 – 1985 'Dutch Disease'	1995– 2000 'Dutch Miracle'	1965–1982	1983 – 2000
Neo-corporatist incomes policy	1978 1979 (25% of period)	1995 1996 1997 1998 1999 2000 (100% of period)	1965 1973 1975 1977 1978 1979 (33.3% of period)	1987 1988 1989 1990 1991 1993 1994 (72.2% of period)
Non-neo-corporatist incomes policy	1980 1981 1982 1983 1984 1985 (75% of period)	0	1966 1967 1968 1969 1970 1971 (66.7% of period)	1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 (27.8% of period)
Central Agreements	1983 1984 (25% of period)	1996 1997 1998 1999 (66.7% of period)	1965 1970 1977 (16.7% of period)	1983 1984 1987 1990 1991 1993 (61.1% of period)
Neo-corporatist Central Agreements	0	4 (66.7% of neo-corporatist incomes policy)	2 (33.3% of neo-corporatist incomes policy)	9 (69.2% of neo-corporatist incomes policy)
Non-neo-corporatist Central Agreements	2 (33.3% of non-neo-corporatist incomes policy)	0	1 (1970) (8.3% of non-neo-corporatist incomes policy)	2 (1983, 1984) (40% of non-neo-corporatist incomes policy)

Source: Table 6.2 and Appendix

corporatist incomes policies in terms of Central Agreements produce a low(er) (macroeconomic and policy) performance, while the *presence* of effective neo-corporatist incomes policies in terms of Central Agreements produces a high(er) performance? Or does a low performance make it difficult for the actors involved to implement a neo-corporatist incomes policy and to come to a Central Agreement, whereas a higher performance makes that more feasible?

The logical third possibility is that (macroeconomic and policy) performance and neo-corporatist incomes policy are unrelated phenomena (see for instance Therborn 1987; Schmitter 1989; Alvarez et al 1991; Crepaz 1992; Golden 1993; Woldendorp 1997b; Flanagan 1999; Lane and Ersson 2000; and Kenworthy 2002). However, the majority of international research suggests that this is not the case (see for instance Schmidt 1982; Alvarez et al 1991; Kurzer 1991; Western 1991; Crepaz 1992; Keman 1993; Pennings 1997; Lijphart 1999; Siaroff 1999; Traxler and Kittel 2000). Therefore, it is necessary to investigate whether there is a direct relation, in which neo-corporatism is as it were the mechanism that produces performance by means of Central Agreements, or an indirect relation, in which performance is the context in which neo-corporatism may occur and Central Agreements can be struck.

In chapter 5, I have shown that concluding non-neo-corporatist government strategies mainly occurred between 1965 and 1986. Concluding non-neo-corporatist government strategies in these years resulted from three causes. Firstly, an increase in confrontation between social partners, especially between 1965 and 1973 after the demise of the centrally guided government incomes policy. Increased confrontation made it difficult, if not impossible, to reach agreement. The increased confrontation between social partners in this period occurred in a context of macroeconomic growth and prosperity.

Secondly, an increase in deadlocks between social partners in the years between 1974 and 1982 that also resulted in an inability to reach agreement. The increase in deadlocks between social partners in this period occurred in the context of a deteriorating macroeconomic performance due to the two oil crises of 1973 and 1979/1980, combined with the linkage between the market sector and the (semi-) public sector.

Thirdly, the delinkage of the market sector and the (semi-) public sector that was effected by the government after 1983 on the basis of the Central ('Wassenaar') Agreement that was forced upon social partners by the government of the day. The delinkage of the market sector and the (semi-) public sector after 1983 occurred in the wake of the severest macroeconomic recession after 1945: 1981 - 1983. Between 1965 and 1973, the lack of agreement between social partners reinforced the habitual tendency of governments to take over again the determination of incomes policy with a guiding government strategy (IV) as governments were used to do in the previous period of the centrally, government guided incomes

policy between 1945 and 1965. After the introduction of the new Law on Wage Formation in 1970, concluding non-neo-corporatist government strategies were of the passive variety (I) in an effort to give the new system of 'free' negotiations on incomes policy between social partners a fair chance.

The few attempts at neo-corporatist strategies by the government were only marginally effective in producing a Central Agreement (1965 and 1970).

Between 1974 and 1982, the continued lack of agreement between social partners, despite less confrontation, combined with the linkage between the market sector and the (semi-) public sector, left the government but two options to redress the combined macroeconomic and budgetary effects of the two oil crises in 1973 and 1979/80. Either to try and resolve the deadlocks between social partners by a neo-corporatist strategy (II+III), or to take over responsibility for incomes policy with a non-neo-corporatist guiding strategy (IV) in order to reach their policy target of a moderate incomes policy in the market sector.⁶⁸ In only one case a neo-corporatist strategy was effective in bringing social partners to a Central Agreement (1977).

The potential third option, the non-neo-corporatist passive strategy (I) was no real option in this period given the combined effects of both oil crises and linkage on performance and the government's budget.

Finally, the remaining five concluding passive government strategies (I) all occurred between 1983 and 1992: 1983 - 1986, and 1992. In 1983, in the wake of the severest post war economic recession between 1981 and 1983, the government Lubbers I (CDA, VVD) managed to force social partners to come to a Central Agreement on incomes policy in the market sector ('Wassenaar': 1983, 1984)⁶⁹ that enabled the government to delink the market sector and the (semi-) public sector, to leave incomes policy in the market sector largely to social partners, and to concentrate its own policy efforts on reducing the budget deficit. The government's concluding strategy between 1983 and 1986, therefore, was the non-neo-corporatist passive strategy (I). This situation was formalised with the new Wage Law of 1987 that stated that binding government interventions in incomes policy were only admissible in case of externally induced economic emergencies.

Therefore, the period of the 'Dutch Disease' between 1978 and 1985 was the period in which social partners were unable to come to agreements, despite a context of increasingly severe macroeconomic problems due to the two oil crises, and increasing budgetary problems due to the linkage between the market sector and

68. Due to the linkage, higher wages in the market sector had an immediate impact on incomes in the (semi-) public sector (salaries of government employees and others, social security benefits, social assistance, and pensions). And that had an immediate impact on the government's budget, producing ever growing budget deficits (see also chapters 4-6; and Hemerijck 2003: 53 ff.).

69. Between 1965 and 1986 only five Central Agreements were concluded: 1965, 1970, 1977, 1983, and 1984.

the (semi-) public sector. That initially left governments only one option: to implement a non-neo-corporatist, binding incomes policy (see also chapters 5 and 6). The imposed Central ('Wassenaar') Agreement in 1983 and 1984, on the other hand, enabled the government to delink the market sector and the (semi-) public sector, to leave incomes policy in the market sector to social partners, that is, to implement a non-neo-corporatist, passive incomes policy and to concentrate its own policy efforts on the reduction of the budget deficit.

That means that binding non-neo-corporatist incomes policies in the period of the 'Dutch Disease' between 1978 and 1985 were caused by a combination of disagreement between social partners in the context of both a severely deteriorating economy and a linkage between market sector and (semi-) public sector between 1978 and 1982. The passive non-neo-corporatist incomes policies in the period of the 'Dutch Disease' were caused by a combination of a forced agreement between social partners in the context of both a severely deteriorating economy and the delinkage between market sector and (semi-) public sector between 1983 and 1985 (see also Hemerijck 2003: 53 ff.).

In other words, (macroeconomic and policy) performance, combined with the behaviour of social partners induced the government to implement institutional changes with regard to incomes policy during the period of 'Dutch Disease'. Disagreement between social partners, and between social partners and the government, in a context of severely deteriorating macroeconomic performance led to non-neo-corporatist incomes policies, a change in the institutional setting of incomes policy, and few Central Agreements. If the macroeconomic context is negative, then neo-corporatism (the mechanism) is less feasible.

In chapter 5, I have also shown that the majority of the concluding neo-corporatist government strategies occurred after 1986, and so did the majority of the effective neo-corporatist government strategies. From 1987, the ad hoc relinkage of incomes in the market sector and in the (semi-) public sector and the budgetary discipline as a consequence of the EMU (1991 - 1999) in a context of economic ups and downs between 1987 and 1994, followed by an economic recovery after 1995 meant that non-neo-corporatist government strategies were not an option. Passive non-neo-corporatist government strategies were no option because of the ad hoc relinkage. The relinkage implied that wages and other terms of employment that were negotiated in the market sector had a direct effect on wages and benefits, including pensions, in the (semi-) public sector and, consequently, on the government's budget.

Binding non-neo-corporatist government strategies were no option because no severe, external macroeconomic emergencies occurred, as was required by the new Law on Wage Formation of 1987. Consequently, government strategy was neo-corporatist and that facilitated considerably more agreements between social partners (and between social partners and the government) than in the period

1965 - 1986 (nine: 1987, 1990, 1991, 1993, 1994, 1996 - 1999).

Therefore, the period of the 'Dutch Miracle' between 1995 and 2000 was the period in which social partners, assisted by the government, could come to agreements in the context of an economic recovery. Government assistance was induced by the institutional features of the annual process of negotiation and implementation of incomes policy: negotiable, ad hoc relinkage of the market sector and the (semi-) public sector on the one hand; and budgetary discipline enforced by changes in the exogenous context (EMU) on the other hand. More agreement between social partners, and between social partners and the government, and changes in the institutional setting of incomes policy, in a context of a recovering macroeconomic performance, led to neo-corporatist incomes policies and that facilitated quite a few Central Agreements. Hence, if the macroeconomic context is positive, then neo-corporatism (the mechanism) is more feasible.

The final answer to the questions posed in this section is that it was rather (macroeconomic and policy) performance, combined with the behaviour of social partners and institutional change, that made neo-corporatism more (or less) feasible and effective, than the other way around. The 'Dutch Disease' was not caused by the absence of a 'Polder Model', but the 'Dutch Disease', combined with the behaviour of social partners, made neo-corporatism less feasible and rather ineffective in terms of Central Agreements. This induced the government to institutional change (delinkage). Likewise, the 'Dutch Miracle' was not caused by an effective 'Polder Model', but the 'Dutch Miracle', combined with the behaviour of social partners and budgetary discipline enforced by the EMU, induced the government to institutional change (ad hoc relinkage) that made neo-corporatism more feasible and rather effective in terms of Central Agreements. This combination of (macroeconomic and policy) performance with institutional change and the behaviour of social partners as a context for feasibility and effectiveness of neo-corporatism is further substantiated by the effectiveness of incomes policy in terms of Central Agreements before 1983 and after 1982. The effectiveness of all incomes policies - both neo-corporatist and non-neo-corporatist - between 1985 and 1982 was considerably lower than between 1983 and 2000. The effectiveness of incomes policy in terms of Central Agreements was adversely influenced by, first, institutional change from a centrally guided, government directed incomes policy to a free incomes policy during a period of macroeconomic prosperity that led to confrontation between social partners (1965 - 1973). Secondly, by another institutional change - the linkage of market sectors and (semi-) public sector - during a period of macroeconomic deterioration that led to frequent deadlocks between social partners (1974 - 1982) (see also chapters 5 and 6).

The above discussion of the relation between (macroeconomic and policy) performance and neo-corporatism by means of reaching Central Agreement suggests

that the cross-national argument that neo-corporatism is beneficial for performance (see for instance Schmidt 1982; Alvarez et al 1991; Kurzer 1991; Western 1991; Crepaz 1992; Keman 1993; Pennings 1997; Lijphart 1999; Siaroff 1999; Traxler and Kittel 2000; and Kenworthy 2002) is not supported for the Dutch case. Rather, the evidence from the Dutch case tends to support those researchers that question a beneficial relation between neo-corporatism and (macroeconomic and policy) performance (see for instance Therborn 1987; Schmitter 1989; Alvarez et al 1991; Crepaz 1992; Golden 1993; Woldendorp 1997b; Flanagan 1999; Lane and Ersson 2000; and Kenworthy 2002). In the Dutch case I have analysed that neo-corporatism (or the absence of neo-corporatism) may explain policy formation and implementation in a number of years, that is, may explain whether or not a Central Agreement was reached. But I have also found that neo-corporatism did not explain (macroeconomic and policy) performance by means of Central Agreements (see also Woldendorp 1997b).

8.6.2 *Effectiveness of incomes policy in terms of approaching the core*

During the period of the 'Dutch Disease' incomes policy was largely non-neo-corporatist and on the whole ineffective in approaching the core. However, in the two years that a neo-corporatist incomes policy was implemented - 1978 and 1979 - this incomes policy was effective as the core appears to have been approached. During the period of the 'Dutch Miracle' incomes policy was exclusively neo-corporatist and quite effective in approaching the core. But neo-corporatist incomes policy was less effective than during the period of the 'Dutch Disease': 66.7% compared to 100% (see Table 8.7).

As with the effectiveness of incomes policy in terms of Central Agreements, it is necessary to investigate whether there is a direct relation in which neo-corporatism is the mechanism that produces (macroeconomic and policy) performance by means of approaching the core, or an indirect relation in which performance is the context in which neo-corporatism may occur and produces movements towards the core.

With regard to Central Agreements I argued that when the (macroeconomic and policy) performance context was negative, neo-corporatism as the mechanism that produces Central Agreements was less feasible. When the performance context was more positive, neo-corporatism as the mechanism that produces Central Agreements was more feasible. The effectiveness of neo-corporatist incomes policies, however, largely depended on the behaviour of social partners within the institutional setting.

A comparable pattern can be observed for movements towards the core. During the period of the 'Dutch Disease' (macroeconomic and policy) performance was negative and incomes policy was both largely non-neo-corporatist and rather ineffective in approaching the core. Nevertheless, in the two years that a neo-

Table 8.7: Effectiveness of incomes policy in terms of approaching the core and the ‘Dutch Disease’ and the ‘Dutch Miracle’

Incomes policy and approaching the core	1978 – 1985 ‘Dutch Disease’	1995– 2000 ‘Dutch Miracle’	1965–1982	1983 – 2000
Neo-corporatist incomes policy	1978 1979 (25% of period)	1995 1996 1997 1998 1999 2000 (100% of period)	1965 1973 1975 1977 1978 1979 (33.3% of period)	1987 1988 1989 1990 1991 1993 1994 (72.2% of period)
Non-neo-corporatist incomes policy	1980 1981 1982 1983 1984 1985 (75% of period)	0	1966 1967 1968 1969 1970 1971 (66.7% of period)	1983 1984 1985 1986 1987 1992 (27.8% of period)
Approaching the core	1978 1979 (25% of period)	1996 1997 1998 2000 (66.7% of period)	1965 1966 1968 1976 (38.9% of period)	1991 1992 1996 (33.3% of period)
Neo-corporatist core situations	1978 (100% of neo-corporatist incomes policy)	1979 1996 1997 2000 (66.7% of neo-corporatist incomes policy)	1965 1966 1977 (66.7% of neo-corporatist incomes policy)	1991 1996 1997 (38.5% of neo-corporatist incomes policy)
Non-neo-corporatist core situations	0	0	1966 1968 (25% of non-neo-corporatist incomes policy)	1992 (20% of non-neo-corporatist incomes policy)

Source: Tables 8.6, 6.5 and 6.6 (see also Appendix

corporatist incomes policy was implemented, the core was approached as well. During the period of the 'Dutch Miracle', (macroeconomic and policy) performance was positive, incomes policy was exclusively neo-corporatist and rather effective in approaching the core. However, neo-corporatist incomes policy was less effective in this respect than during the period of the 'Dutch Disease'.

This suggests that when the (macroeconomic and policy) performance context is negative a neo-corporatist incomes policy was less feasible and it was more difficult to approach the core. When the performance context was positive a neo-corporatist incomes policy was more feasible and it was apparently easier to approach the core.

A different pattern can be observed for the effectiveness of incomes policy before and during the alleged 'Polder Model'. The effectiveness of incomes policy in terms of approaching the core did not increase during the period of the 'Polder Model'. If anything, incomes policy during the period of the alleged 'Polder Model' was slightly less effective in approaching the core. Furthermore, the effectiveness of neo-corporatist incomes policy in terms of approaching the core before 1983 was decidedly higher than after 1982. The same goes for non-neo-corporatist incomes policies (see Table 8.8). This supports my argument that it was the (macroeconomic and policy) performance context in which neo-corporatism may occur and produces movements towards the core, rather than neo-corporatism that produces performance by means of approaching the core. It also supports my argument that the effectiveness of neo-corporatist incomes policy largely depended on the behaviour of social partners within the institutional setting (see also chapters 5 and 6).

As with Central Agreements, the above discussion of the relation between (macroeconomic and policy) performance and neo-corporatism by means of approaching the core suggests that the cross-national argument that neo-corporatism is beneficial for performance is not supported for the Dutch case.⁷⁰ Rather, the evidence from the Dutch case tends to support those researchers that question a beneficial relation between neo-corporatism and (macroeconomic and policy) performance.⁷¹ In the Dutch case I have analysed that neo-corporatism (or the absence of neo-corporatism) may explain policy formation and implementation in a number of years, that is, may explain whether or not a core situation was approached. But I have also analysed that neo-corporatism did not explain (macroeconomic and policy) performance by means of approaching the core (see also Woldendorp 1997b).

70. See for instance Schmidt 1982; Alvarez et al 1991; Kurzer 1991; Western 1991; Crepaz 1992; Keman 1993; Pennings 1997; Lijphart 1999; Siaroff 1999; Traxler and Kittel 2000; and Kenworthy 2002.

71. See for instance Therborn 1987; Schmitter 1989; Alvarez et al 1991; Crepaz 1992; Golden 1993; Woldendorp 1997b; Flanagan 1999; Lane and Ersson 2000; and Kenworthy 2002.

8.6.3 *Conclusion*

Both for reaching Central Agreements and approaching the core I have argued that it was the (macroeconomic and policy) performance context that made a neo-corporatist incomes policy more (or less) feasible, instead of a neo-corporatist incomes policy that produced (macroeconomic and policy) performance by means of Central Agreements or movements towards the core. In addition, I argued that the effectiveness of neo-corporatist incomes policy largely depended on the behaviour of social partners within the institutional setting.

However, we can observe a trade-off between approaching the core and reaching a Central Agreement (see also chapter 6, section 6.3.4 and chapter 7, section 7.2.2). During both the period of the 'Dutch Disease' (1978 - 1985) and the pre-'Polder Model' (1965 - 1982) incomes policy was less often neo-corporatist than during the period of the 'Dutch Miracle' (1995 - 2000) and the alleged 'Polder Model' (1983 - 2000), but both neo-corporatist and non-neo-corporatist incomes policies were more effective in approaching the core. Neo-corporatist and non-neo-corporatist incomes policies during both the period of the 'Dutch Miracle' and the alleged 'Polder Model', on the other hand, were more effective in terms of reaching a Central Agreement than during the period of the 'Dutch Disease' and the pre-'Polder Model' (see Table 8.8).

In chapter 6, section 6.3.5, I have analysed the relation between the actors' behaviour in terms of government strategy, style of decision-making, and reaching Central Agreements, on the one hand, and approaching the core, on the other hand. I concluded that the movements towards the core could be increased by two combinations of actors' behaviour. First by neo-corporatist government strategies that resulted in Central Agreements which could be reached by more or less 'tough' negotiations between social partners. That was especially the case during the period of the 'Dutch Miracle' and the alleged 'Polder Model'.

Second by both neo-corporatist *and* non-neo-corporatist government strategies under the condition that *no* Central Agreement could be reached based on 'tough' negotiations between social partners. That was especially the case during the period of the 'Dutch Disease' and the pre-'Polder Model'.

My analysis of the relation between (macroeconomic and policy) performance and neo-corporatism in the Dutch case also supported the view of those researchers that question the assumed beneficial relation between neo-corporatism and performance, either by means of reaching Central Agreements, or by approaching the core.

8.7 *Concluding remarks*

In this chapter I have first discussed the 'Dutch Disease' and the 'Dutch Miracle' from a comparative perspective. The issue was whether the Dutch case was indeed different and exceptional. From a comparative perspective, neither a

Table 8.8: Effectiveness of incomes policy in terms of agendas and the ‘Dutch Disease’ and the ‘Dutch Miracle’

Incomes policy	Effectiveness	1978 – 1985 ‘Dutch Disease’	1995– 2000 ‘Dutch Miracle’	1965–1982	1983 – 2000
Neo-corporatist	CA + core situation	0	1996 1997 1998 (50% of period)	1965 1977 (11.1% of period)	1991 1996 1997 1998 (22.2% of period)
	Core situation	1978 1979 (25% of period)	1996 1997 1998 2000 (66.7% of period)	1965 1977 1978 1979 (22.2% of period)	1991 1996 1997 1998 2000 (27.8% of period)
	NoCA + core situation	1978 1979 (25% of period)	2000 (16.7% of period)	1978 1979 (11.1% of period)	2000 (5.6% of period)
Non-neo-corporatist	CA + core situation	0	0	0	0
	Core situation	0	0	1966 1968 1976 (16.7% of period)	1992 (5.6% of period)
	NoCA + core situation	0	0	1966 1968 1976 (16.7% of period)	1992 (5.6% of period)

Source: Tables 8.6, 8.7, 6.2, 6.5 and 6.6 (see also Figure 6.1).

specifically ‘Dutch’ disease, nor a specifically ‘Dutch’ miracle in terms of overall performance could be identified. Insofar there was a specifically ‘Dutch’ disease of low performance between 1978 and 1985, that consisted of lower average *economic growth*, negative average *employment growth*, and, to a lesser degree, higher average *unemployment*. The specifically ‘Dutch’ miracle of higher performance between 1995 and 2000 consisted of a (much) higher average *employment* and *economic growth*, and lower average *unemployment*, combined with a considerable *retrenchment of the welfare state*. Especially this last aspect of the ‘Dutch’ miracle has drawn little attention yet from a comparative point of view, although it was indeed different and exceptional (but see Green -Pedersen et al 2001; Green-Pedersen 2001; Castles 2002, 2004; and Keman 2003).

Next I discussed the effectiveness of incomes policy in terms of Central Agreements, and performance. The issue was whether the ‘Dutch Disease’ did go together with less, and with less effective, neo-corporatist government strategies, and, conversely, the ‘Dutch Miracle’ with more, and more effective, neo-corporatist government strategies. Although that was indeed the case, which may have contributed to the notion of a positive relation between a Dutch ‘Polder Model’ and the ‘Dutch Miracle’, I argued that it was not the actors’ behaviour that explained performance, but rather the (macroeconomic and policy) performance and (the changes in the) institutional context combined, that explained the actors’ behaviour in terms of neo-corporatist government strategies and Central Agreements.

Finally, I discussed the effectiveness of incomes policy in terms of approaching the core and performance. The issue was whether the ‘Dutch Disease’ did go together with less, and with less effective, neo-corporatist government strategies, and, conversely, the ‘Dutch Miracle’ with more, and more effective government strategies. Although the ‘Dutch Disease’ did indeed go together with less neo-corporatist government strategies than the ‘Dutch Miracle’, and the core was indeed less often approached during the ‘Dutch Disease’ than during the ‘Dutch Miracle’- which may have contributed to the notion of a positive relation between a Dutch ‘Polder Model’ and the ‘Dutch Miracle’- I argued that it was not the actors’ behaviour that explained performance, but rather performance and the (changes in) the institutional context combined, that explained the actors’ behaviour in terms of neo-corporatist and non-neo-corporatist government strategies and approaching the core. That could explain why the core was more often approached during the period of the pre-‘Polder Model’ than during the period of the ‘Polder Model’ and the ‘Dutch Miracle’.

In other words, the behaviour of the actors involved in incomes policy did neither produce the ‘Dutch Disease’, nor the ‘Dutch Miracle’. It was the (macroeconomic and policy) performance and exogenous context (EMU) that defined the ‘room to manoeuvre’ of government and social partners, and induced the actors to (the

changes) in their behaviour and to changes in the institutional context (transition from a government guided incomes policy to a 'free' incomes policy, linkage and delinkage, and budgetary discipline). Neo-corporatism does matter, but apparently as a contingency (Scharpf 1998; see also Woldendorp 1997b). It is not the driving factor of recovery as identified by, for instance, Visser and Hemerijck (1997).

9. Summary and conclusions

In this final chapter I will present a reflection of the research presented here and will draw conclusions. This includes a recapitulation of the answers to the two research questions, a treat of concepts and theory based on the evidence they produced, and a discussion of the added value and possible use of the results of my investigation. To that effect, I will briefly recall the two research questions, the conceptualisation of neo-corporatism as a government strategy for conflict regulation, the research design and the operationalisation of the research questions. Next I will report the most important research findings. I will then briefly discuss the relation between neo-corporatism and social democracy in government and the performance of Dutch neo-corporatism from a comparative perspective. By way of conclusion, I will end this chapter with a discussion of the implications of my research findings. I will discuss the implications for the ‘Polder Model’ and for the conceptualisation of neo-corporatism and cross-national research on neo-corporatism, incomes policy and performance, as well as the implications for the ‘Dutch Disease’ and the ‘Dutch Miracle’.

9.1 *Research questions*

Over the years, the Netherlands figured prominently in the Dutch and the international comparative debate on neo-corporatism among political scientist and institutional economists. The general evaluation of the Dutch case in the first wave of neo-corporatist research between the mid 1970s and early 1990s was one of declining neo-corporatism, or at least of declining effectiveness of neo-corporatism in terms of performance. The Netherlands seemed to develop from an exemplary and effective model of neo-corporatism based on a centrally guided, government directed incomes policy in the 1950s, to an equally exemplary but singularly ineffective model of declining or ineffective neo-corporatism based on a free incomes policy in the (late) 1970s and the 1980s that became known as the ‘Dutch Disease’.

In neo-corporatist research of the late 1990s this evaluation has been modified.

Almost overnight, the Netherlands again became an exemplary positive model of effective neo-corporatism: the 'Polder Model' that produced the 'Dutch Miracle'. Miraculously, neo-corporatism was, or suddenly became, effective again.

Recent events have shown, however, that the 'Dutch Miracle' appeared not sustainable, despite the 'Polder Model'. Economic growth halted (2002) and then became negative (2003). Unemployment and the budget deficit again increased considerably, like during the previous period of the 'Dutch Disease' in the late 1970s and early 1980s. In the wake of this economic downturn, the 'Polder Model' itself came under criticism as well, because it apparently was unable to prevent the 'miracle' it had seemingly produced from turning into a 'disease' once again. Hence, the phenomenon labelled 'Polder Model' appears to be more a cyclical event rather than a form of structure induced, patterned behaviour of a continuous (and successful) nature.

This changing evaluation of the Dutch case over time is a reflection of the difficulty that most concepts of neo-corporatism have with grasping changes and developments in Dutch neo-corporatism adequately. Quite often the application of these concepts to the Dutch case merely results in a description of historical developments in the Netherlands, instead of explaining these developments.

To be able to interpret these developments better, I have analysed the Dutch case from an alternative, actor-oriented point of view. The concept of neo-corporatism as a government strategy for conflict regulation that I have used in my research was developed in order to explain Dutch incomes policy as the outcome of a process of negotiations between trade unions and employers' organisations, and between these social partners and the government. The first objective of my research was to establish whether this approach of neo-corporatism as a government strategy was indeed able to offer a plausible explanation of Dutch incomes policy between 1965 and 2000. Hence the first research question:

1. *Can neo-corporatism, defined as a government strategy for conflict regulation, offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000?*

The next objective of the research was to determine whether Dutch incomes policy between 1965 and 2000, as the common outcome of negotiations between trade unions, employers' organisations and the government, was effective. The issue is whether incomes policy delivers what the actors involved set out to achieve.⁷² This was expressed in the second research question:

72. A match between agendas (preferences) and incomes policy (an agreement or movement towards the core - see chapter 6) does not necessarily imply a match between preferences and actual outcome (policy and macroeconomic performance - see chapter 8) as well.

2. *Was Dutch incomes policy between 1965 and 2000 effective in terms of the agendas of actors involved?*

These questions were developed to clarify the Dutch case and, in the process, they have led to better concepts that yield more precise evidence.

9.2 *Neo-corporatism as a government strategy for conflict regulation*

The concept of neo-corporatism as a government strategy for conflict regulation was elaborated by a discussion of both international and Dutch literature on the Netherlands as a case of neo-corporatism. My angle for research was neo-corporatism as a government strategy for conflict regulation.

Essential to my conceptualisation of neo-corporatism is the relative autonomy and the mutual instrumentalisation of the actors involved. The rules of the game ensure both the relative autonomy of the actors, and the possibility (not the necessity, or the inevitability) for mutual instrumentalisation, that is, the possibility to come to joint or interdependent action. Employers' organisations and unions have the option to co-operate or not with each other and with the government. The government can also opt to follow a neo-corporatist strategy of policy formation and implementation; or rather choose to impose policies on employers' organisations or unions. The interactions between the relevant actors are by and large the result of the extant 'rules of the game' and the perceived need to co-operate in order to achieve optimal outcomes for all (mutual instrumentalisation). This conceptualisation of neo-corporatism tries to correct for the formal institutional bias of most other approaches of neo-corporatism in which the interaction between institutions and actors is regarded as a causal relation, rather than as a mechanism, that not only entails restraints but also offers opportunities to actors. Therefore, I have argued, it is vital to incorporate into the concept the degree of mutual dependence of the three actors involved on each other's willingness to co-operate. To a large extent they need each other's co-operation to accomplish their own goals. Each actor therefore tends to make its own co-operation contingent on the policy options available and on the concessions of the other actors involved. In chapter 2 I have argued that this interdependence of actors can be best understood by combining elements of a Rational Choice-approach with some of the insights gained from the so-called New Institutionalism-approach: Rational Institutionalism. According to the Rational Choice-approach, each actor will act according to its perceived self-interest, that is, each actor will make a cost - benefit calculation of the goals pursued, in relation to the goals pursued by other actors. This calculation takes into account that, in order to avoid sub-optimal outcomes, policy agreements need to be both encompassing and to avoid zero-sum outcomes. A neo-corporatist government strategy can facilitate such a solution by providing public goods, for example the redistribution of economic welfare

by means of social security benefits, that are binding for all involved, in exchange for co-operation to achieve macroeconomic stability by means of wage restraint, that will be beneficial for all.

The New Institutionalism-approach on the other hand, points to the constraints on the actions of the different actors within the institutions. The feasibility of their actions motivated by self-interest is limited or defined by their room to manoeuvre. The room to manoeuvre is heavily dependent on the styles of decision-making within the institutions. Therefore, institutions can be seen as intermediating variables in which a trade-off or even a pay-off of intentions and feasible options can take place, in such a way that zero-sum games are the exception rather than the rule. In turn, through the recurrent process of consultation and negotiation, this stimulates the occurrence of a 'logic of accommodation', instead of a 'logic of conflict'. In this sense, societal conflict, as part of the process of consultation and negotiation, is the basis for consensus building by co-operation and compromise (Scharpf 1987, 1998; Keman 1992, 1999). With three actors there are multiple games that aim at moving from conflict to consensus by means of 'politics'.

Government plays a vital part in this process. In the neo-corporatist arena all actors usually have comparable lists of needs and interests (agendas). But almost by definition these needs and interests differ in importance attached to them by the actors involved. Usually trade unions and employers' organisations have quite conflicting ranking orders (or preferences). This implies that government has to mediate and to encourage the occurrence of viable agreements (compromises), or to impose such agreements. At the same time, the government itself is also an actor with a comparable list of interests in a certain ranking order (or preferences). To reach agreement between all three actors, it will be necessary to try and reorder each actor's list of interests on the basis of potentially shared interests. In the process of consultation and negotiation, with all corresponding conflicts, it becomes clear whether or not this reordering may occur and an agreement can be reached (or imposed), sanctioned by parliament. Whether this (structure induced) agreement also approaches the core (that is, the optimal shared point of preferences) is another matter (see chapter 6).

The elaboration of the theoretical notions that are associated with the concept of neo-corporatism as a government strategy for conflict regulation in chapter 2 serves the purpose to evaluate neo-corporatist theory, to elucidate the Dutch case and to answer the research questions.

9.3 *The Dutch crucial case study*

In chapter 3 I have argued why the Netherlands is a 'crucial' case and, consequently, why a 'crucial' single case study is a valid research design to provide the answers to my two research questions. The research consists of a comparative

single case study of the formation, implementation and effectiveness of Dutch incomes policy between 1965 and 2000 and is an inter-temporal study that focuses on change over time between 1965 and 2000. In effect, it consists of a time series of 36 consecutive cases of formation and implementation of incomes policy and effectiveness per year. This sequence of 36 cases within the single case study both enhances the internal and - to some extent - the external validity of the research as well as shows possible variations over time. Internal validity is enhanced by 36 separate investigations of the formation and implementation of incomes policy, whereas the use of the same indicators for 36 comparable cases within a fixed context can be considered as enhancing external validity (Pennings et al 1999).

9.3.1 The period, the institutional setting, and the actors

The period under investigation is 1965 - 2000. The choice for this period was based on a discussion of Dutch incomes policy after 1945. The concept of neo-corporatism as a government strategy for conflict regulation entails both relative autonomy and mutual instrumentalisation of the actors involved. Therefore, the period of the centrally guided, statutory incomes policy dictated by the government was excluded from the research. That period covered the years between 1945 and, roughly 1963. Between 1963 and 1968/70, incomes policy in the Netherlands was in transition from a completely government guided policy to a formally free incomes policy.

Next the institutional setting for the annual negotiations on the formation and implementation of incomes policy has been determined. This includes the annual central negotiations between trade unions and employers' organisations, and between social partners and the government in the STAR, the SER, and during the Spring and Autumn consultations. Furthermore, the two laws dating from 1927 and 1937 respectively, governing collective contracts between trade unions and employers' organisations have been identified. The combined effect of these two laws is that the great majority of the workforce in the market sector is covered by collective contracts between trade unions and employers' organisations.

The legal framework regarding central negotiations is regulated by the Law on Wage Formation of 1970 that was amended in 1986. From 1987, only a national emergency, caused by 'external' factors' could serve as a legitimate cause for government intervention in the formation and implementation of incomes policy with general binding measures.

The actors involved in the cycle of annual central negotiations on wages and other terms of employment are party government and 'peak' organisations of trade unions and employers' organisations. The government is the coalition government of the day. In the annual negotiations with trade unions and employers' organisations ministers represent the government. At the very least, the Minister of

Social Affairs is involved. Depending on the issues at stake, the general economic situation and the atmosphere between the actors involved, the government can be represented by a delegation of ministers. In such a delegation, apart from the Minister of Social Affairs, also the Ministers of Economic Affairs and Finance (forming together with Social Affairs the so-called 'socio-economic triangle'), the Minister of Internal Affairs (responsible for incomes policy in the public sector), and the Prime Minister can be included.

The peak trade union organisations are the FNV, the CNV and the MHP. Of these trade union federations, the FNV is the leading actor. The VNO-NCW is the main focus of research with regard to the peak organisations of employers.

9.3.2 *Government strategies and styles of decision-making*

I have devised an instrument of analysis to investigate the Dutch case that is based on an operationalisation of government strategies and styles of decision-making of trade unions and employers' organisations. With this instrument of analysis, using 'thick' (detailed) description of agendas, annual negotiations (process) and outcomes, all possible stages in the process of negotiations and all possible outcomes can be accounted for, be these neo-corporatist or not (see Appendix). With this instrument neo-corporatist government strategies that fail in terms of Central Agreements or approaching the 'core' can be detected as well. The same goes for co-operative styles of decision-making of trade unions and employers' organisations that go together with non-neo-corporatist government strategies. Lastly, with this instrument, it is also possible to avoid 'Dutch-centrist' explanations of Dutch incomes policy and to compare the formation and implementation of Dutch incomes policy to that of other countries. That makes this tool also an eminently suitable instrument of analysis for other case studies and for investigating comparable processes of negotiations on incomes policy across time and across countries as well. It is, therefore, a useful tool for political analyses of policy.

Government strategy in this study is operationalised in four strategies. In addition, based on Kuypers and Scharpf, I operationalised three styles of decision-making that could be employed by trade unions and employers' organisations. This enables me to account for all possible combinations of government strategy and style of decision-making, as well as for any changes in strategy and style of decision-making during the annual bargaining process on incomes policy.

I have also argued that neo-corporatist outcomes in terms of government strategy are not necessarily successful in terms of agreements on incomes policy. In terms of agreements on incomes policy, only four outcomes are feasible. First, a bipartite Central Agreement between trade unions and employers' organisations. Second, a tripartite Central Agreement between all three actors. Third, no Central Agreement. Lastly, a government directed or imposed incomes policy.

This means, that as a typology the combination of four government strategies and three styles of decision-making is by definition exhaustive; all possible combinations of government strategies and styles of decision-making across time (and systems) can be accounted for. However, in terms of patterned behaviour the various categories are empirically not mutually exclusive. The four outcomes in terms of agreements on incomes policy may be reached through a variety of stages and outcomes of the bargaining process, thereby showing both the process and variation over time. The process and the variation can both be captured by this instrument of analysis (see chapter 3 and Appendix).

Using two dimensions - government strategy and style of decision-making - to place one result - incomes policy in a given year - allows for 'comparing' the behaviour of actors vis-à-vis process (negotiations) and structure (neo-corporatist institutions). Using 12 options to arrive at one result in a given year also allows for reconstructing and understanding strategic interdependent behaviour of social partners and government. In other words, using this instrument of analysis allows for a diachronic analysis of Dutch neo-corporatism as a 'rational game' with a (dynamic) equilibrium, without having to resort to idiosyncratic explanations.

Based on my discussion and operationalisation of styles of decision-making, I have argued that a 'Polder Model' that emphasises co-operation between social partners must be located in the problem solving style of decision-making: C - Battle of the Sexes (see Scharpf 1998: 53-57). In addition, government strategy must be neo-corporatist as it is supposed to support or facilitate this co-operation.

9.4 Research findings

The research findings pertaining to the two research questions are reported in chapters 4, 5 and 6. Chapters 4 and 5 provide the answer to research question 1, and chapter 6 provides the answer to research question 2.

9.4.1 Research question 1

In chapter 4, the main research findings of the Dutch case study are discussed. Opening and concluding government strategies and styles of decision-making of trade unions and employers' organisations are discussed and compared, as is the sequence of government strategies and styles of decision-making during the annual process of negotiations on the formation and implementation of incomes policy. This discussion of the research findings regards both the whole period 1965 - 2000, and a comparison of the periods 1965 - 1982 and 1983 - 2000. The latter comparison is made to establish whether the emergence of a 'Polder Model' after 1982 can be detected.

I have observed that governments in the Netherlands between 1965 and 2000 were indeed almost always actively involved in the start of the annual process of

negotiations on the formation and implementation of incomes policy. I have also observed that in a majority of cases the government was actively involved in the outcome of the process of negotiations on incomes policy as well.

The opening strategy of governments was neo-corporatist in a majority of the years. However, concluding government strategies are less often neo-corporatist, albeit they still covered a majority of the years between 1965 and 2000.

Concluding non-neo-corporatist government strategies were especially prominent before 1983. Concluding neo-corporatist government strategies were especially prominent after 1982. However, the 'Wassenaar Agreement' of December 1982 in itself can not be considered as a 'watershed' with respect to government strategy: government strategy was non-neo-corporatist from 1980 - 1986. From 1980 - 1982 it was the guiding strategy (IV), and from 1983 - 1986 it was the passive strategy (I). Most concluding neo-corporatist government strategies after 1982 occurred between 1987 and 2000. Hence, Dutch incomes policy was basically neo-corporatist; however, as a process neo-corporatism was dynamic and patterned over time.

With regard to styles of decision-making of trade unions and employers' organisations, I have observed that the opening style of decision-making was either confrontational (A: Chicken), or bargaining (B: Prisoners' Dilemma) in most years. Problem solving (C: Battle of the Sexes) as an opening style of decision-making was quite rare. Nevertheless, social partners were less confrontational in their concluding style of decision-making, both before 1983 and more in particular after 1982.

However, less confrontation did not lead to a significant increase in the concluding problem-solving style. The main concluding style of decision-making remained the bargaining style (B: Prisoners' Dilemma), also after 1982. From the point of view of styles of decision-making as well, the 'Wassenaar Agreement' of December 1982 can not be considered as a watershed. In this respect, I disagree with researchers of Dutch neo-corporatism like Visser and Hemerijck (1997), Hazeu (1998) and Hemerijck and Visser (2000).

That social partners were able to come to agreements, especially after 1987, was not primarily due to an increase in the 'Battle of the Sexes' problem solving style of decision-making (C), although that is, according to Scharpf (1998), the 'best' game to reach agreement (and approach the core). Apparently, in the Netherlands that game was less suited to arrive at agreement (and to approach the core) than more or less 'tough' negotiations based on the bargaining style (B: Prisoners' Dilemma), or on an alternation between the confrontational style (A: Chicken) and the bargaining style (B: Prisoners' Dilemma).

In other words, Dutch neo-corporatism with regard to incomes policy was typically a combination of the concluding neo-corporatist co-operative government strategy (II) and the bargaining style of decision-making (B: Prisoners'

Dilemma), instead of a 'Polder Model' combination of a concluding neo-corporatist government strategy (co-operative or congruent) and the concluding problem solving style of decision-making (C: Battle of the Sexes). Historical chronology (like before or after 'Wassenaar' 1982) and exogenous shocks (like the oil crises of 1973 and 1979/80) were apparently less relevant for the specific character of Dutch neo-corporatism. In stead, Dutch neo-corporatism appeared more as an embedded, path dependent practice (see below).

The answer to research question 1 is, therefore, affirmative. Yes, neo-corporatism, defined as a government strategy for conflict regulation, can offer a plausible explanation for the formation and implementation of Dutch incomes policy in a majority of the 36 years between 1965 and 2000. However, neo-corporatism varied considerably over time.

Neo-corporatism also mattered as it produced less confrontation between social partners. Yet, at the same time social partners hardly ever used the problem solving style of decision-making (C: Battle of the Sexes). The slight increase in that style of decision-making after 1982 did not constitute - as it is often argued - a change to a new Dutch 'Polder Model' in the period 1983 - 2000.

Patterned variation

In chapter 5, the affirmative answer to research question 1 that is given in chapter 4, is elaborated and substantiated by a substantive discussion of opening and concluding government strategies and styles of decision-making of trade unions and employers' organisations. This discussion is conducted for four sub-periods: 1965 - 1973; 1974 - 1982; 1983 - 1992; and 1993 - 2000. The four sub-periods identified, have been based on a combination of political developments in the Netherlands and external economic shocks and watersheds.

Based on this substantive discussion the following observations can be made. First, the decrease from opening to concluding neo-corporatist government strategies occurred mainly in the period 1965 - 1982. This was due to an increase in confrontation (A: Chicken) between social partners in the period 1965 - 1973 based on their differing agendas that made it difficult for them to come to Central Agreements. And although confrontation (A: Chicken) decreased in the period 1974 - 1982, the concomitant increase in bargaining (B: Prisoners' Dilemma) was equally based on the actors' differing agendas and, consequently, did not result in more Central Agreements either, but rather in more deadlocks during negotiations.

The few concluding neo-corporatist government strategies in these two periods were only marginally successful at resolving the deadlocks (B: Prisoners' Dilemma) or reducing the confrontation (A: Chicken) between social partners and producing a Central Agreement (1965, 1970, 1977).

When confrontation and deadlocks could not be resolved by neo-corporatist

government strategies, the government was effectively left with two options: either to prevent the Chicken game (A) from completion and to resolve the Prisoners' Dilemma (B) by imposing incomes policy on social partners (non-neo-corporatist guiding strategy), or to refrain from intervention (non-neo-corporatist passive strategy) and let social partners come to a conclusion amongst themselves. One of my main findings, therefore, is that government appears to have been a central player to produce results or to avert disaster. In this respect, I concur with researchers like Teulings and Hartog (1998), Hartog (1999), Keman (1999), Hoogenboom and Van Vliet (2000), Slomp (2002) and Van Waarden (2002) who all stress the role of the government as a third and quite often dominant party involved in Dutch incomes policy.

Second, the 17 concluding non-neo-corporatist government strategies consequently also occurred mainly in the same two periods 1965 - 1973 and 1974 - 1982. The nine concluding non-neo-corporatist guiding government strategies (IV) all occurred exclusively in these periods, as did three of the eight concluding non-neo-corporatist passive government strategies (I). The remaining five concluding passive government strategies (I) all occurred in the third period 1983 - 1992, in the years directly following the 'Wassenaar' Agreement (1983 - 1987). Again, the 'Wassenaar' Agreement can not be considered as a watershed with respect to government strategy. These passive government strategies in the period 1983 - 1992 reflect the effects of the delinkage of the market sector from the (semi-) public sector that was effected from 1983 - 1989. This delinkage was based on the Central 'Wassenaar' Agreement that was forced on social partners by the government to resolve the alternation between confrontation (A: Chicken) and bargaining (B: Prisoners' Dilemma). As incomes policy in the market sector did no longer affect incomes policy in the (semi-) public sector, government could subsequently afford to leave incomes policy in the market sector to social partners. This situation was formalised with the new Wage Law of 1986 that states that binding government intervention in incomes policy as of 1987 is only admissible in case of externally induced economic emergencies.

In the latter part of this period, in a number of years the government actively intervened in the annual negotiations on incomes policy in the market sector by neo-corporatist government strategies in order to resolve the Prisoners' Dilemma (B: bargaining) between social partners on employment issues and that induced social partners to come to a Central Agreement on these issues in 1987, 1990, and 1991.

Finally, in the period 1993 - 2000, the ad hoc relinkage of incomes in the market sector and in the (semi-) public sector and the budgetary discipline forced by the EMU (1992-1999) in a context of an economic recovery after 1995 meant that non-neo-corporatist government strategies were not an option. Consequently, government strategy was neo-corporatist and that facilitated even more agree-

ments between social partners (and between social partners and the government) than in the previous period (6: 1993, 1994, 1996 - 1997).

However, Central Agreements after 1982 were both usually based on the concluding bargaining style of decision-making (B: Prisoners' Dilemma), instead of on the concluding problem solving style (C: 'Battle of the Sexes'), and not always the result of neo-corporatist government strategies as well. Therefore, there is no empirical evidence to support the emergence of a Dutch 'Polder Model' of neo-corporatism, neither after 1982, nor in the 1990s.

This substantive discussion of the behaviour of social partners in terms of game theory and in combination with government strategies shows that the instrument of analysis that I have developed yields important information for the explanation of the complete process of annual negotiations on incomes policy in the Netherlands between 1965 and 2000.

The final, elaborated answer to research question 1 therefore confirms the affirmative answer given in chapter 4: yes, neo-corporatism, defined as a government strategy for conflict regulation, can offer a plausible explanation for the formation and implementation of Dutch incomes policy between 1965 and 2000. It also shows that the emergence of a new Dutch 'Polder Model', either after 1982 or in the 1990s, is not supported by the research findings.

9.4.2 *Research question 2*

In chapter 6 I have provided the answer to research question 2. The effectiveness of incomes policy is analysed in terms of Central Agreements and movements towards the core (that is, the optimal shared point of references).⁷³

Over the whole period 1965 - 2000 Dutch incomes policy in terms of Central Agreements was only effective in a minority of years. But in all periods neo-corporatist incomes policies were indeed consistently more effective in terms of Central Agreements than non-neo-corporatist incomes policies. This is an important finding in view of my theory of neo-corporatism and of my empirical investigation of Dutch neo-corporatism. Neo-corporatism did matter, but it was not always successful.

In addition, I have discussed the eight years in which a neo-corporatist incomes policy was not effective, and the three years in which a non-neo-corporatist incomes policy turned out to be effective.

The ineffectiveness of neo-corporatist incomes policies was caused by the actors' behaviour. In 1973, the rank and file of social partners on the decentral

73. I have observed that although Central Agreements often also involve a movement towards the core, reaching a Central Agreement is not (always) necessary to approach the core. A Central Agreement can result in no movement towards the core, whereas the core can be approached without Central Agreement.

levels could not deliver the agreement struck at the central level. In 1975, 1978, 1979, 1988, 1989, and 1995, one or both of the social partners at the central level in the end refused to come to a Central Agreement, despite compensating government policies. Governments did not revert to non-neo-corporatist strategies, either passive (I) or guiding (IV), in order to keep on speaking terms with social partners. Finally, in 2000, in the context of a booming economy, all three actors were quite happy to proceed with incomes policy without a Central Agreement. This analysis shows that the 'rules of the game' do allow for 'individual' actions of the actors involved. This analysis also shows that there is no direct (or: causal) relation between neo-corporatist government strategies (research question 1) and the outcome of negotiations on incomes policy in terms of a Central Agreement (research question 2): neo-corporatism does matter, but it is not always present, nor always effective.

The effectiveness of non-neo-corporatist incomes policies seems related to the government insisting on its leading role in incomes policy under the institutional condition of a linkage between the market sector and the (semi-) public sector. In 1970, a conflict between trade unions and the government about the new Law on Wage Formation spilled over to the substance of incomes policy in that year. In 1983 and 1984, in the context of a severe economic downturn, accompanied by rapidly rising unemployment and budget deficits, the government effectively forced social partners to come to an agreement in the market sector ('Wassenaar'). The government subsequently concentrated its efforts on reducing the budget deficit by delinking the market sector and the (semi-) public sector and did not further intervene in incomes policy in the market sector.

Both concluding neo-corporatist government strategies and Central Agreements apparently were conducive to approaching the core. Reaching a Central Agreement considerably increased the likelihood that a core was approached. A Central Agreement was, however, usually reached by 'tough' negotiations between social partners - either confrontation (A: Chicken) or bargaining (B: Prisoners' Dilemma) or an alternation between both - rather than by the problem solving style of decision-making (C: Battle of the Sexes). Conversely, the effectiveness of non-neo-corporatist government strategies was slightly increased if no Central Agreement could be reached.

This analysis again shows that neo-corporatism does matter, but that there is no direct (or: causal) relation between neo-corporatist government strategies (research question 1) and the outcome of negotiations on incomes policy in terms of effectiveness (research question 2): neo-corporatism is not always successful.

In addition, actual outcome in terms of preferences between 1965 and 2000 was also influenced by the macroeconomic context. Changes in the macroeconomic context had a bearing on the potential of actors to realise their preferences in actual outcome (see Table 6.7 in chapter 6).

With respect to Central Agreements, the final answer to research question 2 must be that Dutch incomes policy between 1965 and 2000 was more often not effective than effective in terms of the agendas of the actors involved, especially between 1965 and 1982. Neo-corporatist incomes policies were indeed more often effective than non-neo-corporatist incomes policies in this respect, especially after 1992.

I contend, however, that this does not support the emergence of a 'Polder Model', neither starting in 1983, nor in the 1990s. In effect, the 'Model' of negotiations on incomes policy between 1965 and 2000 did not change dramatically over the years. The 'Model' typically consisted of a concluding neo-corporatist government strategy (II: co-operative) and the concluding bargaining style of decision-making (B: Prisoners' Dilemma).

What did change was the effectiveness of the concluding incomes policy in terms of Central Agreements. Increased effectiveness of negotiations on incomes policy in terms of Central Agreements after 1982, however, can be explained in terms of the actors' behaviour during the annual negotiations on incomes policy in a context of institutional change (delinkage and relinkage) due to macro-economic and other externalities (EMU). Hence, the 'game' remained the same, but it became easier to reach compromises on the preferences of each actor due to institutional changes effected by the government in response to externalities.

With respect to movements towards the core, the final answer to research question 2 must be that Dutch incomes policy between 1965 and 2000 was also more often not effective than effective. Although a neo-corporatist government strategy, combined with a Central Agreement that was reached through more or less 'tough' negotiations between social partners, increased actual outcome in terms of approaching the core, that was also the case for non-neo-corporatist government strategies when no Central Agreement could be reached through 'tough' negotiations between social partners, albeit to a (much) lesser extent.

In addition, the macroeconomic context appeared to influence the actors' potential to approach a match between their preferences and actual outcome (see also chapter 8). That was reflected in how often and how close a core situation could be approached, given the combination of actors' behaviour in terms of government strategies, Central Agreements and 'tough' negotiations between social partners. Neo-corporatism does matter, but it is not always effective. In other words, there is no direct (or: causal) relation between neo-corporatist government strategies (research question 1) and the outcome of negotiations on incomes policy in terms of effectiveness (research question 2).

9.5 Neo-corporatism and social democracy in the Netherlands

In chapter 7 I have explored the relation between concluding neo-corporatist government strategies and the composition of coalition governments in the

Netherlands. First, I have observed that participation of social democracy in coalition governments does indeed make a (positive) difference with regard to the occurrence of concluding neo-corporatist government strategies, especially after 1993 when the PvdA was the dominant party that held the office of Minister of Social Affairs and was primarily responsible for incomes policy.

Next I have observed that participation of social democracy in coalition governments also makes a (positive) difference with regard to the effectiveness of concluding neo-corporatist government strategies in terms of Central Agreements and movements towards the core. Participation of the PvdA in government after 1993 did not, however, produce a new, or a more effective 'Polder Model' in terms of more Central Agreements or more often approaching the core.

Exclusion of the PvdA from coalition government did make a (positive) difference with respect to the effectiveness of non-neo-corporatist government strategies in terms of Central Agreements, but not in terms of approaching the core.

Closer analysis of these findings show that coalition governments of PvdA and CDA before 1994 were either effective in terms of concluding neo-corporatist government strategies and Central Agreements, or in approaching the core. Coalition governments of PvdA and VVD after 1993 were more successful in terms of concluding neo-corporatist government strategies, but not in terms of either Central Agreements or approaching the core.

Social democratic participation in coalition government in the Netherlands between 1965 and 2000, therefore, appears to have been beneficial for reaching equilibrium between social partners: either by way of concluding neo-corporatist government strategies and Central Agreements, or by way of approaching the core.

This observation supports researchers that have comparatively found a close relationship between social democratic government and neo-corporatism (see for instance Marks 1986; Zimmermann 1986; Curtis 1987; Wilson 1990; Kurzer 1991; and Western 1991).

However, this observation also shows that in the Dutch case this has not implied a straightforward relationship between the participation of social democracy in coalition government and both the occurrence and the effectiveness of neo-corporatist incomes policies. Participation of the PvdA in coalition government resulted in either concluding neo-corporatist government strategies and Central Agreements, or in movements towards the core. Therefore, the comparative (almost causal) relationship between social democratic government that leads to neo-corporatism, which in turn is effective in terms of the agendas of the actors involved (both agreements and movements towards the core), can not be substantiated for the Dutch case. Social democratic participation in coalition government in the Netherlands mattered in terms of neo-corporatism, but that neo-corporatism was not always present, nor always effective.

9.6 *Performance of Dutch neo-corporatism: the 'Dutch Disease' and the 'Dutch Miracle'*

In chapter 8 I have discussed the 'Dutch Disease' and the 'Dutch Miracle' from a comparative perspective. The issue is whether the Dutch case was indeed different and exceptional when compared to a number of international benchmarks.

From a comparative perspective, neither a specifically 'Dutch' disease, nor a specifically 'Dutch' miracle in terms of overall performance could be identified. Comparatively, Dutch performance can not be considered as exceptional: neither in terms of negative nor of positive performance. Therefore, judgements of the Dutch case as 'disease' or 'miracle' are not justified.

Insofar there was a specifically 'Dutch' disease of lower performance between 1978 and 1985, that appears to have consisted of lower average *economic growth*, negative average *employment growth*, and, to a lesser degree, higher average *unemployment*, compared to 19 OECD countries, 13 EU countries and seven other small neo-corporatist West European countries.

The specifically 'Dutch' miracle of higher performance between 1995 and 2000 appears to have consisted of a (much) higher average *employment*⁷⁴ and *economic growth*, and lower average *unemployment*⁷⁵, combined with a considerable *retrenchment of the welfare state* in terms of benefits, compared to the three benchmarks I have used. Especially this last aspect of the 'Dutch' miracle has drawn little attention yet from a comparative point of view, although it is indeed different and rather exceptional (but see Green-Pedersen et al 2001; Green-Pedersen 2001; Castles 2002, 2004; and Keman 2003).

Next I have discussed the effectiveness of incomes policy in terms of Central Agreements, and performance. The issue is whether the 'Dutch Disease' did go together with less, and with less effective, neo-corporatist government strategies, and, conversely, the 'Dutch Miracle' with more, and more effective, neo-corporatist government strategies. Although that was indeed the case, which may have contributed to the notion of a positive relation between social democratic participation in coalition government, a Dutch 'Polder Model' and the 'Dutch Miracle', I have argued that it was not the actors' behaviour that explained performance, but rather the (macroeconomic and policy) performance and (the changes in the) institutional context combined, that explained the actors' behaviour in terms of neo-corporatist government strategies and Central Agreements.

74. A large part of employment consisted of part time jobs occupied mainly by women and young people (see for instance WRR 2000; Hemerijck et al 2000; Becker 2001; Hemerijck 2003; and Keman 2003).

75. 'Broad' unemployment (the proportion of the labour force claiming unemployment benefits, disability benefits and welfare benefits) was 19.1% in 1999, as compared to 18.6% in 1979 and 21.9% in 1992 (SCP 2000: 284) whereas total employment was 61.8% in 1998 and 61.6% in 1970 (Scharpf 2001: 66).

Finally, I have discussed the effectiveness of incomes policy in terms of approaching the core and performance. The issue is whether the ‘Dutch Disease’ did go together with less, and with less effective, neo-corporatist government strategies, and, conversely, the ‘Dutch Miracle’ with more, and more effective government strategies. Although the ‘Dutch Disease’ did indeed go together with less neo-corporatist government strategies than the ‘Dutch Miracle’, and the core was indeed less often approached during the ‘Dutch Disease’ than during the ‘Dutch Miracle’ (which may have contributed to the notion of a positive relation between social democratic participation in coalition government, a Dutch ‘Polder Model’ and the ‘Dutch Miracle’) I have argued that it was not the actors’ behaviour that explained performance, but rather performance and the (changes in) the institutional context combined, that explained the actors’ behaviour in terms of neo-corporatist and non-neo-corporatist government strategies and approaching the core. That can explain why the core was more often approached during the period of the pre-‘Polder Model’ before 1983 than during the period of the alleged ‘Polder Model’ after 1983 and during the ‘Dutch Miracle’ between 1995 and 2000.

In other words, it was not the behaviour of the actors involved in incomes policy that produced the ‘Dutch Disease’, nor was the ‘Dutch Miracle’ the result of the alleged ‘Polder Model’. It was the (macroeconomic and policy) performance and exogenous context (EMU) that defined the ‘room to manoeuvre’ of government and social partners. This induced the actors (especially the government) to adjusting the institutional context (transition from a government guided incomes policy to a ‘free’ incomes policy, linkage and delinkage of market sector and (semi-) public sector, and a strict budgetary discipline). That institutional change subsequently induced the actors to changes in their behaviour. Neo-corporatism did matter in this process (as did social democratic participation in government), but apparently as a contingency. It was not the driving factor of recovery.

9.7 Implications of the research findings

The research findings for both the Dutch case study and the international comparison elaborated above have implications for the ‘Polder Model’ and for the conceptualisation of neo-corporatism and cross-national research, as well as for the ‘Dutch Disease’ and the ‘Dutch Miracle’.

9.7.1 There is no ‘Polder Model’

In chapter 3 I have argued that a ‘Polder Model’ that emphasises co-operation between social partners must be located in the problem solving style of decision-making (C: Battle of the Sexes). In addition, government strategy must be neo-corporatist as it is supposed to support or facilitate this co-operation to make the ‘Polder Model’ work.

In chapters 4, 5 and 6, I have concluded that there is hardly any evidence to support the emergence and existence of such a 'Polder Model' in the Netherlands as a structural feature. Neither after 1982, nor in the 1990s. Although concluding neo-corporatist government strategies did increase considerably after 1982, the main concluding style of decision-making of both trade unions and employers' organisations remained the competitive bargaining style (B). Dutch neo-corporatism was typically a combination of the co-operative neo-corporatist government strategy (II) and the bargaining style of decision-making (B: Prisoners' Dilemma). In my view, this does not represent a typical 'Polder Model'. In addition, the observed increase in the number of concluding neo-corporatist government strategies after 1982 actually occurred after 1986. From the perspective of concluding government strategies, a 'Polder Model' could only have emerged since 1987.

From the perspective of social partners, there was no straightforward relation between concluding government strategies and concluding styles of decision-making. The main concluding style of decision-making was the competitive bargaining style (B: Prisoners' Dilemma), regardless of government strategy. And the problem solving style of decision-making (C: Battle of the Sexes) also occurred in combination with both neo-corporatist and non-neo-corporatist concluding government strategies. In other words, even if the government might have promoted a 'Polder Model' from 1987, social partners were apparently not very keen to participate in that model with a corresponding co-operative style of decision-making (C: Battle of the Sexes).

That means that actors' own preferences remained the central focus during negotiations on incomes policy (see chapter 6). This was shown by social partners' preference for the bargaining style of decision-making (B: Prisoners' Dilemma) over problem solving (C: Battle of the Sexes) and by the government's preference for the co-operative neo-corporatist government strategy (II) that aimed at facilitating agreement between social partners.

The emergence of a 'Polder Model' was also analysed from the perspective of Central Agreements. The 'Polder Model' is assumed to foster agreements between social partners and between social partners and the government. After 1982 the number of Central Agreements was indeed considerably higher than before 1983. This finding seems to imply that although a 'Polder Model' could not be identified from the perspective of concluding government strategies and styles of decision-making, concluding neo-corporatist government strategies were nevertheless quite successful in bringing competitive social partners to an agreement. However, these Central Agreements were not all based on concluding neo-corporatist government strategies and neither did all concluding neo-corporatist government strategies result in Central Agreements. After 1982, of the 13 concluding neo-corporatist government strategies, nine were combined with

a Central Agreement. Conversely, of the five concluding non-neo-corporatist government strategies after 1982, two were combined with a Central Agreement. The emergence of a 'Polder Model' was also analysed from the perspective of movements towards the core. The 'Polder Model' is also assumed to facilitate more shared movements closer to the core, based on concluding neo-corporatist government strategies and Central Agreements. I have indeed observed that both concluding neo-corporatist government strategies and Central Agreements were conducive to approaching the core. However, so were concluding non-neo-corporatist government strategies when no Central Agreement could be reached. In addition, the core was slightly less often approached after 1982 than before 1983. My analysis shows that although neo-corporatism does matter, there is no direct (or: causal) relation between neo-corporatist government strategies (research question 1) and the outcome of negotiations on incomes policy in terms of effectiveness (research question 2).

The emergence of a 'Polder Model' was furthermore analysed from the perspective of government participation of the social democratic PvdA. Social democratic dominance in the 'purple' government coalition with the liberal VVD after 1993 did not significantly increase the effectiveness of concluding neo-corporatist government strategies in terms of Central Agreements or more movements towards the core. In other words, dominance of the PvdA in government after 1993 did not produce a new or a more effective 'Polder Model' either. Social democratic participation in coalition government in the Netherlands appears to have been beneficial for reaching an equilibrium between social partners: either by way of concluding neo-corporatist government strategies and Central Agreements, or by way of approaching the core.

Therefore, I contend that neither from the perspective of government strategy and style of decision-making of social partners, nor from the perspective of Central Agreements and approaching the core, or social democratic dominance in government, there is evidence to support the emergence of a 'Polder Model' in the Netherlands. Neither after 1982, nor in the 1990s. My research findings imply that the importance that researchers attached to the 'Wassenaar Agreement' of December 1982 is overrated. The 'Wassenaar Agreement' can not be considered as a watershed.

My research findings support those researchers who point to the flexible character of Dutch neo-corporatism in combination with a central role for the government during the period 1965 - 2000 (or indeed during the whole period after 1945).⁷⁶

76. See for instance Cörvers and van Veen 1992; Teulings 1995, 1996, 1997; Keuzenkamp 1997; van Empel 1997; Visser and Hemerijck 1997; Hazeu 1998; Teulings and Hartog 1998; Hartog 1999; Keman 1999; van Sinderen 2000; Hoogenboom and van Vliet 2000; Gelauff 2000; Stokman 2000; Slomp 2002; van Waarden 2002; Molina and Rhodes 2002.

Neo-corporatism did exist in the Netherlands between 1965 and 2000, but it varied both in occurrence and in effectiveness. That variation, however, did not constitute a new 'Model' after 1982, or in the 1990s. The 'Model' of negotiations on incomes policy between 1965 and 2000 did not change considerably. In this respect, I disagree with those researchers that equate conflict and deadlocks between social partners with diminishing or disappearing neo-corporatism.⁷⁷ In my view, a neo-corporatist strategy of the government is no guarantee for success. Neither in terms of the corresponding styles of decision-making of trade unions and employers' organisations, nor in terms of agreements or movements towards the core. Sometimes the 'Model' is effective, sometimes it is not, depending on the macroeconomic and exogenous (EMU) context, which drives the actors' behaviour and may lead to changes in the institutional context (from a government guided to a free incomes policy, linkage, delinkage, relinkage) effected by the government, which then in turn influence the actors' behaviour. It is exactly this process of institutional changes and subsequent changing behaviour of the actors involved that can be captured by the instrument of analysis developed in this thesis. In that way it is possible to overcome the formal institutional bias of other approaches of neo-corporatism in which institutions define the behaviour of the actors, by showing that the interaction between institutions and actors is in effect more a mechanism in which actors are not only restrained by institutions but can also change these institutions which in turn effects their behaviour. And, as I have shown, this process can be interpreted by using elements of a Rational Choice approach in the form of game theory, combined with elements of the so-called New Institutionalism approach.

9.7.2 The concept of neo-corporatism and cross national research

The concept of neo-corporatism as a government strategy and its subsequent operationalisation in government strategies and styles of decision-making of trade unions and employers' organisations that has been used in this research is able to provide a plausible analysis for the formation and implementation of Dutch incomes policy between 1965 and 2000. This instrument of analysis can account for all (possible) stages in the process of negotiations on incomes policy and for all (possible) outcomes as well.

In that respect it does a better job than most existing conceptualisations and operationalisations of neo-corporatism (see also Vergunst 2004). These tend to focus on both the formal institutionalisation of the process of formation and

77. See for instance Lehmruch 1979; Panitch 1979; Armingeon 1983; Marks 1986; Curtis 1987; Wolinetz 1989, 1990; Cox 1989; Kurzer 1991 and Dutch researchers like Akkermans and Grootings 1979; Teulings 1980; Akkermans and Nobelen 1983; Arendsen and Geul 1983; Nobelen 1983; Geul et al 1985a, 1985b; Nobelen et al 1985; Terlouw 1985; and Albeda and Ten Hove 1986.

implementation of incomes policy and on consensus on incomes. The existence of these institutions of incomes policy and consensus on incomes policy in these institutions or as a result of these institutions are used as explanatory factors for neo-corporatism. No institutions, or no consensus: no neo-corporatism. These rather static conceptualisations of neo-corporatism result in a higher or lower score of the Netherlands on equally static and timeless scales of neo-corporatism. These conceptualisations and the subsequent scores on the scales of neo-corporatism are not able to account for the actual formation and implementation of incomes policy in the Netherlands between 1965 and 2000.

The conceptualisation of neo-corporatism as a government strategy for conflict regulation and its subsequent operationalisation in the instrument of analysis that is used in this research proves to be able to account for the actual government strategy, as well as for the actual style of decision-making of trade unions and employers' organisations, in the Netherlands between 1965 and 2000. Strategy and style of decision-making result in a particular incomes policy in a given year as an outcome of the annual process of consultation and negotiation on incomes policy. My 'strategic' conceptualisation and operationalisation has also proven to be able to account for the effectiveness of incomes policy in terms of agendas. The research based on the 'crucial' case study shows that there has not been so much of a change in the Dutch 'Model' of neo-corporatism, as a patterned distribution of effectiveness of the existing 'Model'. The changes in the effectiveness of the existing 'Model' can be explained by the behaviour of the actors involved in the formation and implementation of incomes policy in the Netherlands within the macroeconomic and exogenous context (EMU) and the (changes in the) institutional context combined (see section 9.7.1).

This means that my research findings suggest that with regard to the formation and implementation of incomes policy in the Netherlands between 1965 and 2000 there is both institutional continuity ('path dependency' or 'rigidity' based on 'increasing returns' - see Thelen and Steinmo 1992; Pierson 2000), and some 'bounded change' (Pierson 2000: 256) or 'institutional dynamism' (Thelen and Steinmo 1992: 13 ff.), usually effected by the government of the day. The institutional changes or dynamism - change from a government guided to a free incomes policy, linkage, delinkage, relinkage - were induced by the macroeconomic context and exogenous change (for instance EMU - see Steinmo et al 1992: 16, 18; Pierson 2000: 266). The research findings do not support the occurrence or existence of a 'critical juncture' (Pierson 2000: 251), nor of a solution to an 'institutional crisis' (Thelen and Steinmo 1992: 16, 21/22), exemplified by for instance the 'Wassenaar Agreement' of 1982.

In other words, the process of negotiations on the formation and implementation of incomes policy in the Netherlands between 1965 and 2000 shows a pattern of gradual institutional development and that changes both the issues and the scope

of negotiations and agreements. This gradual institutional change is usually implemented by the government, if necessary against the preferences of one or both of the social partners. These actions of the government are driven by the macro-economic context and exogenous changes like the EMU. Within the adjusted institutional setting, the actors then continue their negotiations on the formation and implementation of incomes policy. But these negotiations are then based on changes in both the issues that can be negotiated and the scope of the agreements that can be concluded.

The implications of my conceptualisation and operationalisation of neo-corporatism as a government strategy for cross-national research are twofold. Firstly, the instrument of analysis that is used for the Dutch consecutive, 'crucial' case study in this research can and should also be used for a more dynamic in-depth analysis of the formation and implementation of incomes policy in other countries and for the comparison of those incomes policies. A cross-national comparison of incomes policy based on this instrument of analysis can and will contribute to alleviating the present methodological trade-off between comparing multiple cases and researching a single case, by combining elements of both research methods: comparing multiple cases based on a 'thick', or at least qualitative description and analysis of these cases.⁷⁸ The usefulness of a strategic or more dynamic operationalisation of neo-corporatism in cross-national research into neo-corporatism, incomes policy and performance is supported by the research findings of other researchers that have recently used different, but also more dynamic operationalisations of neo-corporatism as well (see for instance Siaroff 1999; Kenworthy 2001, 2003; Pennings and Vergunst 2001; Molina and Rhodes 2002; Traxler 2004; and Vergunst 2004).

Secondly, with minor adaptations, that instrument of analysis can also be used to investigate and compare the formation and implementation of policies in other policy areas than incomes policy. Hence, it appears a promising instrument for generating new insights with regard to questions that emanate from 'New Institutionalism'.

9.7.3. *The 'Dutch Disease' and the 'Dutch Miracle'*

From the comparative perspective, no specifically 'Dutch' disease, nor a specifically 'Dutch' miracle in terms of overall performance could be identified when the Dutch case was compared to the performance of 19 OECD countries, 13 EU countries and seven other small neo-corporatist West-European countries. Although the period of the so-called 'Dutch Disease' did indeed go together with less, and with less successful, neo-corporatist government strategies, and,

78. Based on these qualitative descriptions it is also feasible to apply Boolean analysis or Fuzzy-set logic to the comparison (see for instance Ragin 2000 and Pennings 2003).

conversely, the period of the alleged ‘Dutch Miracle’ with more, and more successful, neo-corporatist government strategies, it was not the actors’ behaviour that explained performance, but rather the macroeconomic and exogenous context (EMU) and (the changes in the) institutional context combined, that explained the actors’ behaviour in terms of neo-corporatist government strategies and Central Agreements and the results in terms of approaching the core.

In other words, phenomena like the ‘Polder Model’, the ‘Dutch Disease’, and the ‘Dutch Miracle’ appear to be used more as ‘labels’ for depicting change and perhaps ‘symbolic’ politics that are in fact established and ongoing practices that can be more aptly described as ‘muddling through’ by the three actors involved in incomes policy.

9.8 Concluding remarks

In this study I have developed an actor-oriented approach of neo-corporatism. Central elements of my approach include the relative autonomy of the actors involved (government and social partners) and at the same time their interdependence (what the actors can get individually depends on the other actors). Institutions are considered to be intermediate structures that offer both opportunities and restraints for actions. I have developed this actor-oriented approach of neo-corporatism as a government strategy for conflict regulation in order to investigate and understand Dutch incomes policy systematically as the outcome of a process of negotiations between social partners and between social partners and the government (research question 1). My second objective was to find out whether Dutch incomes policy was effective as well (research question 2).

I have observed that Dutch incomes policy between 1965 and 2000 was indeed neo-corporatist, but that neo-corporatism was dynamic and patterned over time. I have also observed that Dutch incomes policy on the whole was not effective in terms of Central Agreements and movements towards the core. However, neo-corporatist incomes policies were indeed more effective than non-neo-corporatist incomes policies. Neo-corporatism did matter, but it was not always present or effective.

Based on my observation of Dutch incomes policy I have been able to correct the formal, institutional bias of other concepts of neo-corporatism as I have shown that neo-corporatism can and does vary over time. I have also been able to correct the direct identification of neo-corporatism and consensus that is often assumed in other concepts of neo-corporatism as I have shown that consensus on incomes policy may indeed be the result of neo-corporatism, but that in the Netherlands consensus between social partners was not the point of departure of negotiations on incomes policy. Finally, I have been able to correct the identification of neo-corporatism and effectiveness (Central Agreements and movements towards the core) or (macroeconomic and policy) performance that

can be often found in other concepts of neo-corporatism. I have shown that neo-corporatism in the Netherlands was not always present or indeed effective in terms of agendas or performance.

Empirically, I have observed that the Netherlands did not experience a major institutional transition from an ineffective variety of neo-corporatism that had produced the 'Dutch Disease' to an effective 'Polder Model' variety of neo-corporatism that subsequently produced the 'Dutch Miracle'. On the contrary, I have shown that the process of negotiations on incomes policy in the Netherlands was embedded in a pattern of gradual institutional change that changed both issues and scope of negotiations and agreements.

With regard to both the 'Dutch Disease' and the 'Dutch Miracle' I have shown that comparatively, the Dutch case was neither completely different, nor completely exceptional. Except with respect to a considerable retrenchment of the welfare state during the period of the 'Dutch Miracle'.

In addition, I have observed that the interactions between social partners to a large extent determined whether or not a Central Agreement could be reached and how the government reacted in response. Nevertheless, the government appeared to be the central actor during negotiations on incomes policy. Based on the macro-economic and exogenous context that drove the behaviour of social partners, the government implemented gradual institutional change (transition from a government guided to a free incomes policy, linkage, delinkage, relinkage) which in turn influenced all actors' behaviour in terms of issues and scope of negotiations. The variations in Dutch neo-corporatism can be understood by the actors' behaviour within this gradual institutional change effected by the government.

Within that gradual institutional change, Dutch neo-corporatism between 1965 and 2000 typically consisted of a combination of the bargaining style of decision-making between social partners (shaped as a kind of Prisoners' Dilemma) and the neo-corporatist co-operative government strategy (facilitation of negotiations between social partners). A transition to a 'Polder Model' of the problem solving style of decision-making (that is, Scharpf's use of the 'Battle of the Sexes') and a neo-corporatist government strategy (co-operative or congruent) could not be observed. Both during the 'Dutch Disease' and the 'Dutch Miracle' Dutch neo-corporatism represented a combination of bargaining (social partners) and co-operation (government). This observation again shows that the observed occurrence of phenomena like the 'Polder Model', the 'Dutch Disease', and the 'Dutch Miracle' is not supported by empirical evidence, but rather overstates certain elements of a more temporary nature.

My research has shown that the central issue for Dutch neo-corporatism between 1965 and 2000 was whether the three actors involved in incomes policy could agree upon a result that was both 'fair for all' (Central Agreement) and at the same time 'best for all' (moved closest to the core). I have observed that some-

times this could indeed be achieved, but more often that was not the case. Neo-corporatist institutionalisation of Dutch incomes policy is important to understand the formation and implementation of incomes policy. However, it represents an intermediate mechanism that shapes behaviour, rather than drives that behaviour. The tripartite composition of neo-corporatism in the Netherlands is a constant in Dutch politics and policy formation, but as such it is not exemplary for neo-corporatism per se. Where many researchers comparatively regard the Netherlands as 'typical' for neo-corporatism as an ideal type, other researchers - including many Dutch students of neo-corporatism - tend to overstate its 'a-typical' nature. My conclusion is that neither view is correct; nor is it correct to regard Dutch politics of intermediation and tripartism as outdated or irrelevant. On the contrary, it is precisely the way in which the three actors involved in incomes policy do 'business', as was recently shown by the negotiations and conflicts regarding the conclusion and implementation of the Central Agreements covering 2005 and 2006.

Appendix

Government strategy and style of decision-making of trade unions and employers' organisations in the Netherlands 1965-2000

Brief elaboration of post war socio-economic policy-making in the Netherlands
Neo-corporatism as a government strategy to restore or create consensus under the conditions of relative autonomy and mutual instrumentalisation of the actors involved, can only be expected to function, if at all, under precisely these circumstances, that is, relative autonomy and mutual instrumentalisation. In order to argue that the period 1965-2000 in the post-war history of Dutch incomes policy best satisfies these requirements, I will give a brief sketch of both the relevant organisations and the history of Dutch incomes policy since 1945.

Post war Dutch incomes policy is usually described as a transition from a centrally guided, statutory incomes policy by the government to a formally free incomes policy, that is, free from government intervention (Fernhout 1980: 151-153, 155; Windmuller and De Galan 1977: 2, 26-27; Dercksen et al 1982: 122-126; de Liagre Böhl et al 1981: 106-109; Fortuyn 1981: 325-329, 373-424; van Ruyseveldt and Visser 1996: 211-214; see also van Waarden 2003).

We can discern three main periods in Dutch incomes policy after 1945:

- 1945-1963, guided and differentiated statutory incomes policy;
- 1963-1968/70, transition to a formally free incomes policy;
- 1968/70 - present, a formally free incomes policy.

In the period between 1945 and 1963, the Minister of Social Affairs determines incomes policy, after recommendations from the STAR. It is also the Minister who formulates the guidelines, which the College van Rijksbemiddelaars has to apply when they check collective contracts between employers and unions (Fernhout 1980: 143; Windmuller and De Galan 1977, Vol. 2: 16-21; Fase 1980: 47-51). The SER usually confines itself "to recommendations concerning social security, terms of employment, labour legislation and the main issues of wage policy, if they were specifically asked" to give a recommendation (Windmuller and De Galan 1977, Vol. 2: 29 - translation jjw). The participation of interest groups in government policy in this period, confined to social issues, is restricted

to non-binding recommendation with regard to policy formation, and to implementing government policy. Government and parliament (the political parties heading the various pillars) remain the dominant actors and determine the agenda. Interest groups are not meant to take on government tasks (except in the execution of government policy), nor are they invited to determine policies themselves. In the institutionalised relation between government and interest groups in the area of socio-economic policy, it is the government (and parliament) that acts, the interest groups re-act (see also: Teulings 1980: 18; Nobelen 1983: 102 ff). In the last instance it is the 'coercive' or 'statutory powers' of the government (Panitch 1979: 142), which keeps the employers' organisations and unions together in the implementation of the centrally guided statutory incomes policy.

In other words, the coalition governments of christian democratic and social democratic parties in the post-war period both created the framework for macro-economic planning and policy-making, and integrated the relevant socio-economic actors in that framework 'top-down'. It is clearly party government and parliament that determine the room to manoeuvre for the interest groups.

Between 1963 and 1968/1970, with many conflicts and experiments, the transition from statutory incomes policy to a formally free incomes policy takes effect (van Doorn et al 1976; Windmuller and De Galan 1977; Fase 1980: 300/1, 303-305). The Law on Wage Formation (1968/70) is the political expression of this transition. However, the government retains the authority to intervene with a six-month wage freeze.

Within the union federations major changes occur. The affiliated branch unions become more powerful vis-à-vis the central federation. Slowly, negotiations on the branch and industry level gain more importance.

Generally, this period is regarded as a time of polarisation and conflict. Consensus within the institutions is on the decline and decentralisation within the union federations has resulted in a less co-operative inclination. From the perspective of neo-corporatism as a government strategy, however, this period is more interesting than the previous one. Unions and employers' organisations take a much more independent stance towards each other and towards the government. The government loses its absolute domination in the area of wage policy, but still retains the power to intervene if they feel the general economic situation calls for intervention. Although party government (and parliament) ultimately can still determine the 'rules' of the game, the conditions for neo-corporatism as a possible government strategy to forge or restore consensus in a situation of both autonomy of the actors and mutual instrumentalisation have been shaped (Keman et al 1985). Since 1970 incomes policy is formally free, although the government retains the power to intervene. From 1970 tot 1986, the government could intervene with a wage freeze if it felt the general economic situation called for intervention. In 1986 the Law on Wage Formation is amended. Government intervention in wages

in the market sector is from 1987 only allowed in case of a national emergency, caused by external factors (Korver 1993: 394). Trade unions and employers' organisations have now ample room to manoeuvre to pursue their interests in the market sector, but in case of an emergency, government (and parliament) can still take over. The government's leading role with regard to incomes policy in the (semi-) public sector remains beyond question. The ultimate, deciding responsibility for incomes policy, therefore still rests with party government and parliament.

If there was ever a period in which the interactions between government, unions and employers' organisations with respect to policy-making could be analysed in terms of a neo-corporatist strategy, it is precisely this period. Incomes policy in the market sector is free. Interest groups have ample room to manoeuvre, but in case of an emergency party government (and parliament) can still take over. Economic problems mount as a consequence of the oil shocks in 1973 and 1979/1980. This is precisely the environment in which neo-corporatism, as a possible government strategy to restore consensus and foster economic growth, will have to prove its worth. Consequently, the research will be focused on incomes policy between 1965 and 2000.

In this period the rules governing the annual incomes policy are such that within the market sector trade unions and employers' organisations are ostensibly free to pursue their own agenda's. However, government can overrule the outcome, and has a leading role with regard to incomes policy in the (semi-) public sector.

Availability and use of data

In this research project the annual negotiations between trade unions and employers' organisations on wages and other terms of employment, and the matching government policies and interventions between 1965 and 2000 have been studied. For the trade unions and employers' organisations primary sources include their annual notes with which they enter these negotiations. The government's policies and interventions are documented in the annual budget and related government notes and parliamentary discussions. All these documents, plus the accompanying actions, are more or less extensively reported in the *SER Bulletin* (SIB - see references), which has served as the main source for the research.

The extent of the SIB's information on incomes policy varies over the years. Until 1980, annual negotiations and consultations are extensively reported in the weekly *Bulletin*, as are the government's corresponding actions and policies. Early 1981, the SIB changes from a weekly to a bi-weekly, and in autumn 1982 to a monthly *Bulletin*. These editorial changes are accompanied by a marked decrease in useful information on annual negotiations and consultations on incomes policy in 1981, 1982 and 1983. From 1984, the SIB briefly regains its previous high standard in presenting comprehensive information concerning incomes policy. However, in 1988, 1989 and 1990, there is again a sharp decrease

in useful reports on negotiations and consultations with regard to annual incomes policy. From 1991 to 1995, the reports on annual incomes policy are more extensive and comprehensive again, although they do not reach the high standards prevalent before 1981 and between 1984 and 1988. From 1996, this information becomes more scarce and haphazard. And from 2001, the SIB finally ceases to report altogether on the annual negotiations and consultations on incomes policy. For the periods in which the SIB is not a reliable source, additional sources have been used, including the annual reports of trade unions and employers' organisations, the annual government budgets, policy agreements (*Regeeracorden*) and government declarations of incoming governments, and other relevant information as reported in the records of parliament (*Handelingen van de Tweede Kamer der Staten-Generaal*) and in the official government gazette (*Nederlandse Staatscourant*). This information has been supplemented with other sources. These include Windmuller et al (1977, 1983), van Doorn et al (1976), Fase (1980), STAR (1985), and Akkermans (1999). These sources extensively report the annual negotiations between trade unions and employers' organisations and the matching government interventions until 1985. Similar sources for the late 1980s and 1990s that focus specifically and with great detail on these annual negotiations and related government interventions do not exist. But Korver (1993), van Bottenburg (1995), STAR (1995), van den Toren (1996), van Heertum-Lemmen and Wilthagen (1996), Visser and Hemerijck (1997, 1998), Roebroek and Hertogh (1998), Akkermans (1999), Visser (1999), Hemerijck and Visser (2000), Hemerijck et al (2000), Hemerijck (2002), and Slomp (2002) do provide additional information on a number of years.

Government strategies and styles of decision-making

Government strategies:

- I = Passive
- II = Co-operative
- III = Congruent
- IV = Guiding

Styles of decision-making of trade unions and employers' organisations:

- A = Confrontation
- B = Bargaining
- C = Problem solving

The focus is on both the effects of different government strategies on the styles of decision making between trade unions and employers' organisations, and the effect of different styles of decision making between trade unions and employers' organisations on government strategies.

Combinations of styles of decision-making of trade unions and employers' organisations:

Combinations of styles of decision-making	Classification	Resulting combined style of decision-making
AA	Both trade unions and employers' organisations opt for confrontation	A = Confrontation (Chicken game)
AB, BA	One of the parties opts for confrontation, the other for bargaining	A = Confrontation (Chicken game)
AC, CA	One of the parties opts for confrontation, the other for problem solving	A = Confrontation (Chicken game)
BB	Both trade unions and employers' organisations opt for bargaining	B = Bargaining (Prisoners' Dilemma)
BC, CB	One of the parties opts for bargaining, the other for problem solving	B = Bargaining (Prisoners' Dilemma)
CC	Both trade unions and employers' organisations opt for problem solving	C = Problem solving (Battle of the Sexes)

1965⁷⁹

For 1965 the government Marijnen (KVP, ARP, CHU, VVD) wants to limit the rise of wages to 4-5%, including 1.5% compensation for the rise in social security premiums for old age and disability pensions.

If necessary, the government announces it will intervene in collective contracts through the Board of Government Mediators (College van Rijksbemiddelaars). The goal of government policy is to redress the slight economic dip by reducing real income; maintaining a balanced budget and issuing higher interest rates on credit (SIB 36, 1964: 12-15).

The government gives the trade unions and employers' organisation a choice between various packages:

- a binding wage measure across the board of 1.5% compensation per 01-01-1965 for rising social security premiums (old age and widow's pensions), plus a maximum of 3.2% wage increase;

79. Since 1965, after the so-called 'wage explosions' of 1963, 1964 and 1965, the search for a new system of wage negotiations is on. The main problems of the existing system are the fact that government beforehand determines the maximum allowed wage rise, and also severely limits the freedom of negotiations on other issues. Between 1963 and 1968/1970, the system changes from an almost completely government led system to a formally free system (van Doorn et al 1976; Windmuller et al 1983: 152-161).

- a binding wage measure across the board above 1.5% accompanied by a correspondingly lower maximum for wage increases;
- a binding wage measure across the board which prescribes both compensation and total wage increase in detail (SIB 47, 1964: 15-18).

The agendas of trade unions and employers' organisations are determined by their different views on economic prospects. Unions feel that the forecast for 1965 made by the Central Planning Bureau (CPB) is too pessimistic, like it was in the previous years (SIB 41, 1964: 2, 3). They reject the calculations, based on this forecast, which indicate that a wage rise of 2% in real terms is the maximum which can be afforded, and prepare for tough negotiations (SIB 38, 1964: 19). The government's alternative, tax reductions instead of wage rises, is rejected. Unions feel that better wages in 1965 are both desirable and unavoidable. The government's other proposals, in a letter to the Foundation of Labour (STAR), for a small wage rise (in combination with tax reductions), are rejected as well. And in response, the unions up their demands (SIB 48, 1964: 7-9).

Employers' organisations refuse to negotiate over these demands (SIB, 39: 1964: 21, 32; SIB 42, 1964: 6, 7). Their main objection is that wage rises can not be incorporated in prices, because government has capped prices. A, in their view, too high a rise in wages, as the unions demand, will lead to a deterioration in competitiveness of Dutch firms (SIB 48, 1964: 7). Eventually, employers' organisations agree to a (small) general wage rise. Unions, however, want both a general wage rise, and to continue negotiations on the branch and company level (SIB 44, 1964: 2, 3).

When the negotiations in the SER and the STAR grind to a halt, the government intervenes through the minister of Social Affairs with a new proposal. The proposal includes a slightly higher wage rise than in the previous packages (3.5% instead of 3.2%), a rise of the minimum wage, the possibility of paying special bonuses, and extra child allowances for larger families. With this package, the government succeeds in getting the chairmen of the peak organisations to close a deal in informal talks. The 'wage agreement 1965' (loonakkoord 1965) includes:

- a wage increase as of January 1st, 1965;
- an acceptable wage cost increase of 3%;
- a continuation with wage differentiation in those companies that have applied that in 1964 as well;
- a minimum wage of 110.= guilders per week;
- the introduction or improvement of wage systems linked to performance;
- a bonus payment, subject to renewed talks between STAR and government, if and when economic growth turns out to be better than expected (SIB 49, 1964: 2-4; SIB 50, 1964: 2; STAR 1985: 45, 46).

To facilitate agreement, government takes over part of the employers' premiums for child allowances (SIB 49, 1964: 2-4). Notwithstanding disagreement over the

exact contents of this Central Agreement, it is later elaborated in the STAR and, reluctantly, accepted by both parties (SIB 50, 1964: 2). Neither party is content with the agreement, but, apparently, both parties view it as the best possible result.

Despite larger wage rises at the branch level than allowed for in the agreed package, the STAR approves the collective contracts concluded, without any subsequent interference by the government (Windmuller et al 1983: 197). In June 1965 the government even authorises the payment of a 2% bonus, which was part of the agreed package.

1965		
Government strategy	III	III
Trade unions style	A	B
Employers' organisations style	A	B
Combined styles social partners	A	B
Outcome	IIIB	

The government actively intervenes in the negotiations by offering various packages to trade unions and employers' organisations. When negotiations bog down in a deadlock, it is the government that resolves the deadlock with a new proposal that is grudgingly accepted by both parties.

1966

The agenda of the government Cals (KVP, ARP, PvdA) concerning the wage negotiations for 1966 is heavily influenced by the massive evasion of the maximum wage rise allowed by the government Marijnen (KVP, ARP, CHU, VVD) in 1965 (Windmuller et al 1983: 197, 199/200). The government decides to authorise the Board of Government Mediators again to check the wage agreements in the collective contracts, instead of the STAR.

During the negotiations for 1966, both trade unions and employers' organisations show a declining willingness to compromise. They have great difficulties with the way wages are determined. Consequently, pressure on the government to come up with a new system for wage and incomes policy increases (van Doorn et al 1976: 226-247).

Trade unions and employers' organisations fail to reach an agreement on wages in the STAR. The main obstacles are the demands of the unions for a wage rise in real terms and the level of a minimum wage. Unions demand 125 guilders per week (SIB 46, 1965: 23; SIB 47, 1965: 17, 18). Employers feel that a minimum wage goes against the freedom of wage formation, as it diminishes the flexibility in wage structure in companies. Nevertheless, they are willing to agree to a raise amounting to 110 guilders per week (SIB 46, 1965: 23; SIB 47, 1965: 17-19;

SIB 48, 1965: 20). In response, unions accuse the employers of taking out their previous defeat on this issue on the lowest paid and demand that the government changes the provisional legislation on the minimum wage into a proper law (SIB 48, 1965: 24).

Employers' organisations and trade unions do reach agreement on other aspects of terms of employment:

- equal pay for men and women (for equal jobs) - the STAR will judge collective contracts on this issue;
- a gradual reduction of working hours without a timetable (the government wanted to set July 1st, 1967 as the starting date) (STAR 1985: 46).

Due to the lack of agreement between unions and employers' organisations on wages, the STAR does not look unfavourable on government intervention with regard to this issue. The government then sets the level of the minimum wage on 120 guilders. The unions are more content than the employers who warn that this level will have a detrimental effect on general wage formation (SIB 50, 1965: 7-10; SIB 2, 1966: 28). The government also determines the norm for the maximum allowed wage rise in 1966: 6 - 7% (SIB 46, 1965: 2). And on the issue of a reduction of working hours, it is also the government that takes the decision. Despite attempts by the Board of Government Mediators to implement government limits in separate collective contracts, these limits are regularly broken. Trade unions profit from the demand for labour (SIB 8, 1966: 6, 7; van Doorn et al 1976: 232).

After several warnings and consultations with trade unions and employers' organisations on a number of collective contracts that had wage rises above the prescribed norm, the government intervenes in these contracts through the Board of Government Mediators. Halfway 1966 the government toughens its control over prices and again declares its determination to strictly enforce the prescribed norm for wage rises (SIB 8, 1966: 6 - 7; SIB 9, 1966: 2, 3; SIB 11, 1966: 21; SIB 15, 1966: 17; SIB 21, 1966: 5 - 8; SIB 23, 1966: 26, 27; STAR 1985: 46, 47). This policy is also vigorously enforced by the interim government Zijlstra (KVP, ARP) (Windmuller et al 1983: 201; SIB 24, 1966: 22).

1966			
Government strategy	I	III	IV
Trade unions style	B	B	B
Employers' organisations style	B	B	B
Combined styles social partners	B	B	B
Outcome	IVB		

As trade unions and employers' organisations cannot agree on the level of the minimum wage, it is the government that breaks the deadlock and fixes that

level. The amount chosen is between the offer of employers' organisations and the demand of the trade unions. It is also the government that breaks the deadlock on the wage rise in real terms, sets the norm for the maximum allowed wage rise, and finally enforces that norm in decentral negotiations.

1967

In 1967 the interim government Zijlstra (KVP, ARP) determines beforehand that wage rises should not exceed the expected rise in productivity of 3.5% (SIB 36, 1966: 11-15; SIB 45, 1966: 7 - 8; SIB 46, 1966: 15 - 16).

The agreed goals of central negotiations are to achieve a positive balance of payments and less inflation, and to maintain employment. Therefore, a limitation or reduction of wage costs and prices is necessary. Despite agreement between trade unions and employers' organisations over these goals and means, central negotiations break down. The main breaking point is the demand of the trade unions that, apart from the general wage rise, remaining (financial) possibilities for better terms of employment on the branch and company level may be used for wages in the form of a temporarily blocked savings account. On the amount of the general wage rise, an agreement was almost reached (SIB 37, 1965: 24, 25; SIB 47, 1966: 17, 18).

Eventually, government breaks the dead-lock and determines the whole package:

- a wage rise of 4% in 1967 when collective labour contracts are renewed;
- 1.5% per 01-07-1967;
- a rise in the minimum wage;
- an increase in social security benefits of 5% through indexation beforehand, and the remainder afterwards;
- no reduction in working hours, unless already agreed to in longer term contracts (more than one year);
- no price indexation of wages on 01-07-1967;
- no capping of the rise in the health care premiums above 6.2% (SIB 48, 1966: 14 - 15).

However, all other demands of the trade unions, especially with regard to rising prices, taxes and social security premiums were ignored (Windmuller et al 1983: 201). The differences with the original demands of the unions are striking. Although the general wage rise is close to their demands, the other conditions imposed by the government make it unacceptable for the unions. Firstly, the government does not allow any indexation of wages to rising prices afterwards. Secondly, the government sets strict limits for total rises in wage costs, which are to be controlled by the STAR. In response, the NVV pulls out of the whole incomes policy system and refuses any further co-operation. And although employers' organisations in the first instance seem to comply with this part of the government package, the main employers' organisation CSWV later also declines to co-operate

(SIB 48, 1966: 15-16, 28; SIB 1, 1967: 21).

The government, however, is not moved to further concessions. Because the NVV and the CSWV refuses to co-operate and to check the proposed collective contracts through the STAR on their concurrence with government policy, all responsibilities for wages and related terms of employment are taken from the STAR and placed in the hands of the Board of Government Mediators. The Board is instructed to apply the government's policy package across the board. This means that no differentiation on the branch level are accepted (SIB 48, 1965: 15, 16; SIB 1, 1967: 21; SIB 6, 1967: 12; SIB 14, 1967: 15, 16; van Doorn et al 1976: 243-246).

1967	
Government strategy	IV
Trade unions style	B
Employers' organisations style	B
Combined styles social partners	B
Outcome	IVB

The government breaks the deadlock in the negotiations between employers' organisations and trade unions by imposing its own policy package with regard to wages and income. In response, trade unions and employers' organisations refuse further co-operation with the government.

1968

In 1968 the government De Jong (KVP, ARP, CHU, VVD) ostensibly leaves the negotiations on wages to the trade unions and employers' organisations. However, the government does determine beforehand that wage rises should not exceed the expected rise in productivity of 3% (SIB 36, 1967: 2). The government also announces its determination to intervene when wage rises in collective contracts exceed this norm (SIB 40, 1967: 20). In its consultations with the STAR, however, the government retracts on this announcement and agrees to wait for the results of the negotiations between trade unions and employers' organisations (SIB 40, 1967: 21, 22).

Trade unions and employers' organisations at least agree about one thing: both are against binding agreements on the central level. If and when parties agree on the central level, the government should honour these agreements. The Minister of Social Affairs should only intervene if and when collective contracts threaten to destabilise the national economy. However, parties again disagree on the issue of the minimum wage. Trade unions oppose further differentiation in wages between branches and companies and therefore demand a raise of the minimum wage comparable to the average wage and price rises. Employers' organisations

do not want to go further than a raise comparable to the average wage rise (SIB 38, 1967: 10-12).

On October 24th, 1967, parties reach an agreement in the STAR about a free incomes policy without a Central Agreement, although the agreement does include the minimum wage. The agreement stipulates that there is to be no Central Agreement or norm, and that the government should only intervene in collective contracts when these threaten to seriously disrupt the economy. If and when the Minister of Social Affairs intervenes, he/she should first seek advice of an independent Committee of Economic Experts in which no civil servants are represented and that can rely on the trust of both unions and employers' organisations. The organisations also reach an agreement on the division of payment of rising social security premiums over employers and employees (SIB 41, 1967: 4, 5; SIB 2, 1968: 17; SIB 4, 1968: 28, 29).

The minister of Social Affairs accepts these agreements. However, the government increasingly worries about the extent of agreed wage rises and reductions in working hours, and, after extensive consultations with the STAR, frequently interferes in concluded collective contracts through the Board of Government Mediators (the recently appointed Committee of Economic Experts is by-passed), much to the resentment of the trade unions. The main focus for intervention is the reduction of working hours. Government wants to preserve some room for heavier taxation resulting from the introduction of the VAT (SIB 7, 1968: 5, 6; SIB 8, 1968: 15-18; SIB 9, 1968: 24; SIB 11, 1968: 24-26; SIB 14, 1968: 22-25; SIB 20, 1968: 24, 25; SIB 21, 1968: 9-13). In the end, however, the government does not ratify merely one clause about a reduction in working hours in the collective agreement in the building trade. And this only after consulting the independent Committee of Economic Experts (SIB 43, 1968: 9).

The government also considers emergency legislation to extend the duration of all collective contracts of 1968 into 1969 with six months. A majority in parliament opposes these proposals and they are eventually dropped (van Doorn et al 1976: 262; SIB 20, 1968: 24 - 25; SIB 21, 1968: 9 - 13; SIB 22, 1968: 9 - 12, 20 - 21). Notwithstanding these disagreements, in 1968 also the Bill on the Minimum Wage and Minimum Holiday Allowance is passed (SIB: 17, 1968: 28, 29; SIB 18, 1968: 4; SIB 34, 1968: 28 - 29; SIB 37, 1968: 40 - 42). On 23 February 1969 it becomes law (SIB 9, 1969: 6).

1968				
Government strategy	IV	I	IV	I
Trade unions style	B	B	B	B
Employers' organisations style	B	B	B	B
Combined styles social partners	B	B	B	B
Outcome	IB			

The government starts by setting its own wage norm first, but then agrees to give trade unions and employers' organisations a chance to work out an agreement amongst themselves. The government at first accepts the agreement that there will not be a binding Central Agreement, but then increasingly intervenes in decentral contracts. In the end, however, most interventions are dropped.

1969

In 1969 the same transitional system of wage negotiations as in 1968 is in force. Although wage negotiations are ostensibly free from government intervention, the government De Jong (KVP, ARP, CHU, VVD) again states that wage rises should not exceed the expected rise in productivity (4%) as far as they did in 1968; and that part of those rises should be in the form of special savings accounts that are blocked for a number of years. The government also announces it will intervene (again) in collective contracts if trade unions and employer' organisations do not heed the limits set by the government (SIB 36, 1968: 12 - 14; SIB 37, 1968: 25 - 33; SIB 43, 1968: 9).

In this year also, negotiations are conducted decentrally, on the level of branches and companies. Trade unions take a tougher stand than in the previous year (SIB 28, 1968: 10; SIB 31, 1968: 21, 22; SIB 40, 1968: 9, 10; SIB 41, 1968: 11, 17-19). Partly the Bill on Wage Formation put before parliament in September 1968 is to blame. And partly because of the decisions by parliament regarding the minimum wage (SIB 36, 1968: 20). Also, trade unions feel that government policy aims at changing the distribution of incomes in favour of company profits. On top of that, the internal pressure from individual branch unions on the national federations to take a tougher stand also mounts increasingly.

Employers' organisations keep fairly quiet. They feel that government policy does not go far enough and fear that the proposed growth of the (semi-) public sector will lead to shortages of capital and, consequently, to reduced investments. They remain set against all forms of wage earner funds and blocked savings accounts (SIB 43, 1968: 6, 7; SIB 46, 1968: 6, 7).

The results of the decentralised negotiations widely exceed the government's wage limits (originally a 6.5% rise in wage costs was forecasted for the whole of 1969, but already in June it is expected to exceed 11%). Consequently, the government repeatedly intervenes in collective contracts. The main issues are the reduction in working hours and wage rises that exceed the government's norms. The government prefers some form of a blocked savings account (SIB 2, 1969: 5, 6, 15; SIB 4, 1969: 2-5; SIB 5, 1969: 16, 17; SIB 20, 1969: 32; SIB 21, 1969: 37; SIB 22, 1969: 12; SIB 25, 1969: 8, 9; van Doorn et al 1976: 278, 289-292; Windmuller et al 1983: 223). To curb inflation (and price compensation in wages), and to accommodate the trade unions by compensating policies, the government institutes a temporary (five month) price stop (SIB 15, 1969: 16-18;

SIB 21, 1969: 13; SIB 24, 1969: 11; SIB 34, 1969: 22-24; van Doorn et al 1976: 296).

1969			
Government strategy	IV	I	IV
Trade unions style	A	A	A
Employers' organisations style	B	B	B
Combined style social partners	A	A	A
Outcome	IVA		

Trade unions and employers' organisations conclude decentral contracts that widely exceed the government's proclaimed wage limits. Consequently, government repeatedly intervenes in those contracts.

1970

The government De Jong (KVP, ARP, CHU, VVD) refuses to accommodate the trade unions with regard to their demands for wage earner funds (vermogensaan-wasdeling - VAD) and special savings accounts in which pay rises can be paid but that are also blocked for a number of years. Notwithstanding the offer by the trade unions to lower their wage demands in return. The government also unilaterally imposes a threshold in the indexation of wages. On the other hand, the government follows the recommendation of the SER that new collective contracts can include a maximum wage rise of 5% plus a 1.5% reduction in working hours and postpones rises in VAT and rents (SIB 36, 1969: 7-11; MEV 1970: 9).

Trade unions demand a real rise in wages of 2%, plus concrete government policies to combat unemployment and increase the number of houses (SIB 24, 1969: 2; SIB 36, 1969: 16). Both trade unions and employers' organisations oppose the rise in VAT, because of the consequences for prices. In response, the government not only postpones the proposed rise in VAT, but also issues a number of other measures to get both parties to exercise moderation with regard to wages. Both the employers' organisations and the government agree that wages may rise some 2.5% in real terms. All in all, the differences between parties are minimal as far as wages are concerned (SIB 36, 1969: 17).

Based on the 14th bi-annual report of the SER, a compromise is reached. In return for indexation of the expected 2.5-3% wage rise to compensate for price rises, the trade unions agree to co-operate in wage moderation (SIB 26, 1969: 2-5; SIB 27, 1969: 20). Decentral negotiations on the branch and company levels proceed smoothly. The government does not interfere in the results in an effort not to worsen relations with the trade unions any further.

Despite the ease with which wage negotiations are concluded, trade unions collide head-on with the government on the issue of the Law on Wage Formation, especially with regard to clause 8. According to this clause, government is

entitled to intervene in individual collective contracts if and when it deems this necessary. When the Bill is eventually passed, NVV and NKV boycott wage negotiations on the central level in both the SER and the STAR (Windmuller et al 1983: 223 ff.; SIB 38, 1969: 12, 13; SIB 38, 1969: 18-20, 23). Consequently, they refuse to participate in the formulation of recommendations by the SER on the institution of a Committee of Economic Experts (which has to advise the government on decentrally concluded contracts) and on the issue of price indexation of wages. In return, the Minister of Social Affairs, Roolvink (ARP), unilaterally decides to implement a 'threshold' of 3.5% in the price indexation (that means that only when prices have risen 3.5% or more, wages will be indexed accordingly). This leads to a further deterioration of the already very strained relations with the trade unions (van Doorn et al 1976: 345). And although employers' organisations are 'disappointed' that unions seem to take out their grudge against government on the system of negotiations in industry (SIB 38, 1969: 13), in the STAR they support the unions in their refusal to have talks with the government as long as clause 8 is in force (SIB 2, 1970: 17).

1970		
Government strategy	II	IV
Trade unions style	C	C
Employers' organisations style	C	C
Combined style social partners	C	C
Outcome	IVC	

Negotiations on incomes policy proceed fairly smoothly and result in a bipartite compromise based on the 14th bi-annual report of the SER. The conflict between trade unions and the government is about a part of the new system of negotiations on incomes policy as laid down in the Law on Wage Formation (clause 8). Trade unions refuse to participate in any further negotiations on the central level. They are reluctantly supported by employers' organisations. In response, the government unilaterally intervenes in the price indexation agreement.

1971

Wage negotiations in 1971 are completely determined by the effects of the so-called '400 guilders wave' of the second half of 1970. This was the result of a number of originally 'wild-cat strikes' that started in the ports of Rotterdam and were eventually taken over by the trade unions (van Doorn et al 1976: 362-373; Windmuller et al 1983: 225/226). The government De Jong (KVP, ARP, CHU, VVD) announces in its 1971 budget that it aims to neutralise the effects of these wage rises by a binding wage measure. However, the SER gives a negative recommendation and the government retracts its plans (SIB 43, 1970: 19). To

better the relations with the trade unions, and to (re)start central negotiations, the government also announces it will 'freeze' clause 8 (i.e. will not make use of it) of the Law on Wage Formation (SIB 40, 1970: 16, 17; Windmuller et al 1983: 223). Following the '400 guilders wave', in November 1970, trade unions and employers' organisations reach agreement in the form of a recommendation by the SER. They agree that, in order to regain a stable economic development, wages should rise slower than productivity (SIB 43, 1970: 2-7). Trade unions, however, insist that price rises should be included, whilst employers' organisations emphatically disagree. Employers are of the opinion that the demand of the trade unions will mean that the targets set in the recommendation of the SER will not be met. They therefore ask the government to exercise its own responsibility in order to achieve the desired wage moderation in 1971 (SIB 44, 1970: 12-16; SIB 45, 1969: 26, 27). Negotiations between trade unions and employers' organisations break down. In response, in December 1970, the government imposes a binding wage measure for 1971 based on clause 10 of the Law on Wage Formation. The measure is amended by parliament:

- collective contracts as of 11-12-1970 are extended with a six-month period when they expire;
- wage rises, including the '400 guilders wave', in contracts already accepted by the Board of Government Mediators remain untouched;
- a 3% wage rise per 01-01-1971 for contracts expiring on 31-12-1971, plus another 1% on 01-04-1971;
- the same wage rise apply for the longer term contracts when they expire;
- the '400 guilders' are incorporated in wages immediately after expiration of contracts (SIB 45, 1970: 24-26; SIB 46, 1970: 21-23; SIB 47, 1970: 26; STAR 1985: 48, 49).

At the same time, the government imposes a price measure which states that only some specifically named external costs, plus the effects of the '400 guilders wave' may be included in the recalculation of prices. Employers' organisations object strongly to this part of the package, but acknowledge that government, in the face of insufficient guarantees for a necessary restraint in wage rises by organised labour and employers, has its own responsibility. They support the government's wage measure and blame the trade unions and announce they will loyally co-operate with the government and shall not try to undermine its policy by giving in to 'extreme' demands of unions (SIB 40, 1970: 6, 16, 17; SIB 41, 1970: 6, 10-12; SIB 44, 1970: 15, 16; SIB 45, 1970: 27; SIB 48, 1970: 21). The trade unions, however, organise a national strike of one hour on 15 December 1970, just preceding the parliamentary debate on the government's measures (SIB 45, 1970: 27; SIB 46, 1970: 15-18, 23). Despite the governments appeal to trade unions and employers' organisations to co-operate loyally, the trade unions accuse the government of giving in to employers and announce they will not be

silenced and will try to redress the government's policy after expiration where ever possible. After expiry of the wage measure they demand wage rises and organise strikes on the branch and company level to press their argument (SIB 45, 1970: 27; SIB 46, 1970: 23). In practice the effect of the wage measure was limited (Windmuller et al 1983: 226/227).

1971				
Government strategy	IV	II	IV	I
Trade unions style	B	B	A	A
Employers' organisations style	B	B	A	A
Combined style social partners	B	B	A	A
Outcome	IA			

The government starts with taking a firm stand on wages. Then retracts its proposed package to give trade unions and employers' organisations a chance to come to an agreement. To facilitate central negotiations, the government 'freezes' clause 8 of the Law on Wage Formation. Central negotiations break down. Then the government breaks the deadlock with its own (binding) policy package. Employers' organisations support the wage measure in that package. Trade unions announce they will try to redress the government's binding wage measure after expiration. And that is what they do. The new government refrains from intervention (see 1972).

1972

The second provisional recommendation of the SER about wage and price policy in June 1971 suggests the introduction of a new system of formulating and implementing incomes policy. In the first recommendation of October 1970, the SER rejected detailed interventions in wages and prices by the government (clause 8). During 1971, following the binding wage measure after the so-called '400 guilders wave', the notion took shape that a binding general wage measure is equally ineffective (clause 10). The SER proposes that an annual report on economic prospects, prepared by independent 'crown members' of the SER, will be discussed in the SER. The results of this discussion shall than form the basis on which the respective points of view of trade unions and employers' organisations in the STAR will be formulated. The key is that prescriptions or instructions are to be replaced by a situation in which trade unions and employers' organisation mutually try to influence each others demands (van Doorn et al 1976: 428-433).

Based on this report by the SER, the new government Biesheuvel I (KVP, ARP, CHU, VVD, DS70) abolishes the wage measure of the preceding government De Jong (KVP, ARP, CHU, VVD) retroactively (SIB 28, 1971: 2-3, 31; Windmuller

et al 1983: 227). The government also announces it will 'freeze' (meaning: not to make use of) clause 8 of the Law on Wage Formation, which makes it possible for government to intervene in negotiated contracts (SIB 34, 1971: 20-25; SIB 28, 1971: 2, 3). Furthermore, the government announces that wage negotiations should take place in complete freedom from government intervention. The government proposes to come to an effective control of inflation by means of 'broad' deliberations (that is, with as many of the relevant parties and institutions as possible) (SIB 24, 1971: 11-20; SIB 28, 1971: 32-35; SIB 34, 1971: 2-6, 20; SIB 35, 1971: 5, 6).

The trade unions' agenda aims at 'moderation under conditions', meaning under the conditions that government policies include the necessary (financial) room for public and social services, direct private investments and see to a more just distribution of income by levelling the range between lower and higher incomes (SIB 38, 1971: 28-32). The NVV originally calculates a total combined wage rise of 13.5%, but, as the others, quickly agrees to the maximum of 12%, which the SER Committee of Economic Experts has set (SIB 40, 1971: 2-7). In effect, this implies that the trade unions agree with combating inflation only, and do not demand a real rise of wages. As it turns out, government refuses to meet the conditions set by the unions (SIB 44, 1971: 5; SIB 45, 1971: 15-17; van Doorn et al 1976: 459, 465, 466).

Employers' organisations reject any rise in incomes in real terms and strictly keep to their agenda that compensation for rising prices should be maximised to 6% to keep in line with the recommended 12% rise in the combined total wage sum as recommended by the SER. However, the rest of the SER does not share their point of view (SIB 38, 1971: 7, 8; SIB 39, 1971: 2, 3; SIB 43, 1971: 2-7; SIB 44, 1971: 5-7). Growing unemployment, which leads them to the point of view that their bargaining position has improved, may have influenced this position (SIB 39, 1971: 4-6; van Doorn et al 1976: 461). This position, combined with their refusal to discuss the conditions mentioned by the trade unions, means that the failure of wage negotiations in the STAR is settled before they have even properly started (SIB 45, 1971: 17, 18; van Doorn et al 1976: 462).

Although negotiations between trade unions and employers' organisations on the central level break down and ensuing repeated tripartite discussions on socio-economic policies also do not lead to results, the government does not intervene (SIB 35, 1971: 5-7; SIB 39, 1971: 2-6; SIB 41, 1971: 19, 20; SIB 45, 1971: 15-18; SIB 46, 1971: 19-23). Government squarely puts the blame on trade unions and employers' organisations, but refrains from any concrete intervention to start up the process of negotiations again. The government restricts itself to verbal insistence on wage moderation. As a result, both parties claim that the government supports their point of view (SIB 41, 1971: 19, 20; SIB 45, 1971: 17; van Doorn et al 1976: 467).

Negotiations continue on the branch and company level, accompanied by strikes. The government clearly does not wish to alienate trade unions and employers' organisations, but to give the new wage setting system a fair chance. The slight economic dip in 1971 may have alleviated their fear for exorbitant wage rises. And in general, the outcome is a combined total wage rise of some 12%, as recommended by the SER's expert committee (van Doorn et al 1976: 499-500).

1972		
Government strategy	II	I
Trade unions style	B	B
Employers' organisations style	A	A
Combined style social partners	A	A
Outcome	IA	

The government goes to great lengths to remove any obstacles in order to get trade unions and employers' organisations to conclude a central agreement. But negotiations break down. The government does not intervene in order not to aggravate relations with especially the trade unions any further. Decentral negotiations are marked by conflicts.

1973

The need to combat inflation leads the government Biesheuvel II (KVP, ARP, CHU, VVD) to urge the trade unions and employers' organisations to conclude a Central Agreement for 1973. In return, government is prepared to implement a comprehensive policy for incomes and prices (SIB 35, 1972: 28-35).

In the 17th bi-annual report of the SER, both trade unions and employers' organisations recommend a social contract between government and 'social partners' to combat inflation (SIB 20, 1972: 2-5). Expectations rise high, but are sorely tested. As a precondition for their participation in an anti-inflation policy, trade unions demand from government an expansion of the (semi-) public sector and a more levelled distribution of incomes, and from employers' organisations a commitment to central agreements, a positive position regarding the unions' demands from government, and facilities for unions on the plant level (SIB 27, 1972: 15-20; SIB 35, 1972: 43-45). Employers' organisations have quite a different view on how to counter inflation. Their preferred policies are a reduction in the growth of both public and private expenditure by reducing wage and price rises to regain competitiveness on the world market (SIB 20, 1972: 20; SIB 23, 1972: 10-14). In response, trade unions announce a package of minimum demands which government and employers' organisation must meet to make a Central Agreement feasible (SIB 42, 1972: 2-7). Within the NVV, the industrial trade union has difficulties with this minimum package, because it is, in their view, restricted to

material demands only. When the peak organisations reach a provisional agreement with the employers' organisations, it takes some time to placate them (SIB 41, 1972: 4-7; SIB 42, 1972: 6).

The outgoing government plays a crucial part in the negotiation process. By making concessions to both parties, an agreement is reached (SIB 42, 1972: 10, 11). Employers' organisations initially refuse to sign the official agreement, because government in the mean time has capped prices in a response to a recent price hike. This puts the result of the laborious process of negotiations in jeopardy (SIB 35, 1972: 36; SIB 41, 1972: 8, 9; SIB 44, 1972: 19-22; SIB 45, 29-31). Only after new concessions by the government regarding price calculations (SIB 45, 1972: 32, 33; SIB 46, 1972: 23), employers' organisations agree to sign. The price paragraph of the agreement is put on hold for as long as the government price cap is in force.

This in turn leads the trade unions to demand compensation as well. The government responds by not implementing its original plans for a franchise in the health care insurance and for a 'freeze' of the amount of child allowance for the second child (SIB 41, 1972: 8, 9).

The resulting Central Agreement concluded on 6 December 1972 is a compromise based on major concessions by government to both parties:

- the price index figure in 1973 may exceed the figure of 1972 with a maximum of 3.75%;
- other improvements of terms of employment in 1973, including wages, may not exceed 3.5%;
- wages will be indexed completely, but with a 'threshold' of 0.75%;
- special attention for the position of the lowest paid;
- a step-by-step reduction in working hours that will not jeopardise the rise in productivity; the aim is to achieve the 40-hour working week and a standard of 20 holidays per annum in 1975 (SIB 41, 1972: 8, 9; SIB 42, 1972: 2-7, 10-13; SIB 46, 1972: 23, 24; STAR 1985: 49).

In the manufacturing industry, the implementation frequently leads to big rows (and strikes) between unions and employers' organisations (and between the general trade unions and the unions for higher paid employees who are not (yet) represented in the neo-corporatist institutions on the central level), especially with regard to wage demands in guilders, instead of percentages. More and more, the unions use that device to give lower paid workers a higher raise than higher paid employees (SIB 47, 1972: 10, 11; SIB 5, 1973: 9-12, 14, 21, 22; SIB 6, 1973: 17-20; SIB 9, 1973: 5, 6). As a result, first the NVV, and later also the NKV do not participate any more in the SER and the STAR. Only with great difficulty relations are patched up (SIB 15, 1973: 23-27; SIB 16, 1973: 21-25; SIB 18, 1973: 13-17; STAR 1985: 49). On the whole, the general trade unions are only marginally successful in pressing their demands (Windmuller et al 1983: 229-231).

1973		
Government strategy	II	II
Trade unions style	B	A
Employers' organisations style	B	A
Combined style social partners	B	A
Outcome	IIA	

Although government policy has significantly facilitated the bipartite Central Agreement, implementation leads to conflicts on the branch and company levels.

1974

The original demands of trade unions and employers' organisations are quite far apart: employers refuse any wage rises except compensation for rising prices; trade unions demand that compensation, plus another 2.5%, and a structural rise in the legal minimum wage on top of that. The employers are set dead against any levelling of incomes. The trade unions are in favour. The employers are against a further increase of the (semi-) public sector. The trade unions support the new Den Uyl (PvdA, KVP, ARP, D66, PPR) government's policy platform: a more just distribution of incomes, power and knowledge, and they want a further expansion of the (semi-) public sector (SIB 27, 1973: 26-31; SIB 33, 1973: 3-5). From the start it is doubtful whether negotiations between unions and employers will result in an agreement. Nevertheless, due to the insistence of the government, parties remain at the negotiating table, and even reach some sort of a provisional agreement:

- 2.5% wage rise (half in a percentage, the other half in guilders);
- price compensation with a 0.3% 'threshold' (for rising taxes), and a minimum of 160 guilders per per cent for incomes up to 35,000 guilders per year (higher incomes receive progressively less price compensation per percent) (SIB 41, 1973: 25-30).

However, the rank and file of the employers' organisations reject the agreement, especially on the basis of the levelling effect of the agreed price compensation (SIB 41, 1973: 25-31; SIB 42, 1973: 18-20).

Trade unions refuse to continue the negotiations and return to their position at the start of the negotiations. They do maintain the compromise reached on the compensation of price rises in wages (SIB 42, 1973: 18-20).

The government reacts to the outbreak of the oil crisis in 1973 by preparing special emergency legislation (Machtigingswet) which gives government extraordinary powers for a three month period to enforce socio-economic policies to combat the economic effects of the oil crisis and the oil boycott against the Netherlands. The proposed government measures are based on the original Central Agreement that failed (SIB 42, 1973: 39; SIB 43, 1973: 28-34; SIB 1, 1974: 13-15; STAR

1985: 49, 50):

- workers receive a specified wage rise of 45 guilders per month under the duration of the Machtigingswet;
- price indexation, if agreed in contracts, is permitted;
- no special bonuses are allowed, unless specified in contracts, and should in that case not exceed the amount or level of 1973;
- a reduction of working hours is permitted only when agreed to before 01-12-1973, or included in existing contracts;
- as an interim measure, three months after expiry of contracts, a 3% price compensation will be paid, with a 'floor' of at least 150 guilders per per cent.

The trade unions are not dead set against government intervention and do not object to the government's preparations for emergency legislation, although they have a number of conditions: the measures should be temporary, employment must be safeguarded, all income groups must participate, prices must be kept in check, and there must be a 2.5% wage rise (SIB 43, 1973: 28-32; SIB 46, 1973: 36-38). The point of view of employers' organisations is also clear. Although they appreciate the fact that government has devised its policies in close consultation with 'social partners', they strongly object to the government's 'favouritism' towards the unions. And they feel it is wrong that the government uses the failed agreement as a starting point of policies. They demand support for ailing industries, no reduction in working hours, less costly labour legislation and a general reduction in government expenditure (SIB 43, 1973: 32-34; SIB 44, 1973: 18, 19, 37, 38; SIB 45, 1973: 34-36).

The resulting emergency legislation (SIB 46, 1973: 15-21; SIB 47, 1973: 2-12) takes into account the demands of both parties, without necessarily honouring all. During the parliamentary debate, both parties appeal to parliament (SIB 47, 1973: 38, 39), but after parliamentary approval, they accept the legislation without much murmur (SIB 46, 1973: 36-38).

Under the Machtigingswet's package, during the first three months of 1974 trade unions and employers' organisations are again granted the opportunity to come to an agreement amongst themselves. The government proposes a new package that includes the expenditure of some 2,000 to 2,500 million guilders to facilitate the realisation of a Central Agreement (SIB 11, 1974: 11-13; SIB 12, 1974: 33-34). Again, trade unions and employers' organisations fail to come to an agreement. As a result, based on the Machtigingswet, government issues a binding wage measure:

- after expiration of contracts wages and other terms of employment are 'frozen' for three months;
- three months after expiration of contracts a wage rise of 15 guilders per month is allowed;
- three months after expiration of contracts a price compensation of 3% is

- allowed as an advance payment;
- the advance payment of the 3% price compensation will be at least 37.50 guilders per month and the minimum price compensation will be 160 guilders on an annual basis;
- the price compensation will have a 'threshold' of 0.3%.

In its intervention, government remains quite close to the positions taken by trade unions and employers' organisations during the failed negotiations. Therefore, both parties can and do accept the measures, although employers' organisations are more critical than trade unions (SIB 12, 1974: 32-34; SIB 13, 1974: 20-25; SIB 14, 1974: 15-19; SIB 15, 1974: 10-13).

1974						
Government strategy	II	II	II	IV	II	IV
Trade unions style	A	B	B	B	B	B
Employers' organisations style	A	B	A	B	B	B
Combined style social partners	A	B	A	B	B	B
Outcome	IVB					

Government tries to get trade unions and employers' organisations to strike a deal. Parties conclude an agreement, but that is rejected by the rank and file of one of the parties. Negotiations are in a deadlock. The oil crisis induces the government to implement its own policy package with regard to wages, based on the failed Central Agreement. When parties can again not agree on wages, notwithstanding a government policy package of public expenditure to facilitate negotiations, the government implements a binding wage measure, taking into account the agendas of the other actors. Both parties grudgingly accept this binding wage measure.

1975

To combat inflation, the government Den Uyl (PvdA, KVP, ARP, D66, PPR) aims at the conclusion of a Central Agreement for 1975. The trade unions demand, and are offered, a wage earner fund (VAD) as a pre-condition for agreeing to a Central Agreement (SIB 39, 1974: 26-27), to which employers' organisations strongly object (SIB 38, 1974: 7-8), without, however, rejecting a Central Agreement as such (SIB 39, 1974: 28). The rest of the 3,500 million guilder package of government expenditure proposed is carefully tuned to accommodate both trade unions and employers' organisations. The package aims at boosting production and employment, at an increase in incomes in real terms, and at less inflation (SIB 44, 1974: 2-10):

- a temporarily lower income tax (840 million);
- extra funds for the housing and building sector (915 million);
- an extra 170 million for expenditures by local councils and provinces;

- extra funding to protect and create jobs (200 million);
- extra funding to accommodate demand and supply on the labour market (200 million);
- assorted other measures (1,200 million).

Trade unions and employers' organisations have the same point of view for negotiations: a real increase in wages of 2.5-3% (SIB 26, 1974: 18-21; SIB 40, 1974: 39, 40). They differ in their assessment of price rises (SIB 42, 1974: 24, 25). But the unions also demand some sort of wage earner fund as a precondition for a Central Agreement (SIB 38, 1974: 2-7). The government insists that parties should postpone negotiations, to give government the opportunity to come up with a policy package to make a Central Agreement possible.

When the policy package of 3,500 million guilders is eventually revealed, including the promise of a Bill on wage earner funds (SIB 39, 1974: 26, 27), it does not bring unions and employers' organisations to an agreement, despite all attempts by the government (SIB 44, 1974: 2-10). Differing expectations of economic growth, and the employers' organisations resistance against any form of wage earner funds, are the main stumbling blocks (SIB 39, 1974: 28; SIB 43, 1974: 5-8, 24, 25; SIB 44, 1974: 17). Further elucidation of the government's package also fails to bring the parties to an agreement, despite the relatively minor differences between them. Employers' organisations offer a wage rise of 1.5%, trade unions initially demand 3%, but are later willing to settle for 2%. The breaking point is the levelling character of the price compensation demanded by the trade unions: half as a percentage and the other half in guilders⁸⁰ (SIB 38, 1974: 2; SIB 44, 1974: 24, 25; SIB 45, 1974: 2, 6-8, 29; Windmuller et al 1983: 230). The industrial employers' organisation proposes a compromise: a 2% wage rise, provided the unions drop their demands for union facilities on the plant level and the publication of all incomes (SIB 47, 1974: 23). As the retail employers refuse to go along with this proposal, it is eventually dropped and central negotiations break down. The decision on incomes policy is left to government and parliament. Both parties petition parliament, that eventually approves the government's package (SIB 38, 1974: 2-8).

Negotiations are continued on the branch and company level. Government does not intervene in these negotiations for which their policy package serves as the bottom line (SIB 47, 1974: 23-26), notwithstanding the worsening of the economic situation. It does not want to jeopardise its relations with both parties any further, given the strains left by the *Machtigingswet* applied in 1974. Instead, it keeps topping up its offers: apart from the 3,500 million mentioned above, another 1,000 million of government expenditure is announced (SIB 8, 1975: 15-21).

80. Initially, the unions also demanded the wage rise be paid partly as a percentage and partly in guilders (SIB 31, 1974: 9-13).

1975	
Government strategy	II
Trade unions style	B
Employers' organisations style	B
Combined style social partners	B
Outcome	IIB

The government's policy package of public expenditure first serves as an attempt to get trade unions and employers' organisations to conclude a central agreement. Negotiations, however, grind to a halt in a deadlock. The subsequently enlarged government's package of public expenditure is nevertheless implemented and serves as the bottom line for decentral negotiations in which government does not intervene.

1976

In 1976, the Den Uyl government ((PvdA, KVP, ARP, D66, PPR) does its utmost to arrive at an agreement with trade unions and employers' organisations for 1976. The government again proposes extra government expenditures up to 3,000 million guilders despite growing budget deficits, to get trade unions and employers' organisations to agree to a Central Agreement:

- VAT increase postponed for 6 months (800 million);
- support for ailing industries (550 million);
- labour market policies (350 million);
- job-creation programmes (400 million);
- social security premiums paid by employers taken over by government via taxes (600 million);
- furthering company investments by fiscal measures (50 million) (SIB 34, 1975: 13-26; 47, 48; SIB 42, 1975: 4).

The agendas of trade unions and employers' organisations differ quite substantially. Employers want real wage costs to lag 2.5% behind productivity. They are also adamantly against any price compensation. Trade unions especially want to preserve price compensation (SIB 38, 1975: 34-36; SIB 39, 1975: 23-25). Therefore, there is no basis for further negotiations on the central level (SIB 41, 1975: 30, 31; SIB 42, 1975: 27-29).

With its policy package to boost the economy, government tries to bring parties to a Central Agreement. However, negotiations between trade unions and employers' organisations break down rapidly, despite several attempts of the government to renew consultations (SIB 41, 1975: 30, 31; SIB 42, 1975: 26-30; SIB 44, 1975: 17-20). Failing a Central Agreement, government considers a binding wage measure. When sounding out the respective opinions of the parties involved, employers' organisations profess to have 'major', and trade unions even 'insurmountable'

objections (Teulings et al 1981: 56-58). Notwithstanding their objections, government decides to use clause 10 of the Law on Wage Formation: a temporary 'freeze' of wages and other terms of employment by extending the duration of collective contracts for a six-month period, excluding the compensation for rising prices. As part of the package the government also 'freezes' the incomes of the professions and high earners. The increase of VAT is postponed, the minimum wage is raised extra, and price rises are capped. Ailing industries receive extra subsidies (SIB 45, 1975: 10-17; STAR 1985: 50). Both employers' organisations and trade unions object to the government's intervention in what should be, in their view, 'free negotiations'.

During the period of the wage freeze, many discussions and negotiations between government, trade unions and employers' organisations take place. The government tries to accommodate the trade unions by announcing it will come with a Bill on the VAD and on a new style Workers' Council (Ondernemingsraad - OR). The government also announces it will delete the infamous clause 8 from the Law on Wage Formation, which gives the government the authority to intervene in individual collective contracts, when deemed necessary. To accommodate employers' organisations, the government promises to come up with Bills enabling a downward adjustment of minimum wages and social security benefits (SIB 14, 1976: 2; SIB 18, 1976: 15; SIB 19, 1976: 74; SIB 22, 1976: 2, 3; SIB 24, 1976: 3-7, 29-33). Meanwhile, the government is preparing itself for the event that negotiations for the second half of 1976 break down as well. If that is the case, the 'wage freeze' will be extended with another six months, including a binding small wage rise as compensation for rising prices (SIB 19, 1976: 2, 3; SIB 26, 1976: 28). During the negotiations, the government tries in vain to get trade unions and employers' organisations to come to an agreement (SIB 25, 1976: 27-30). These cannot agree, not even when the government extends the six-month freeze with another month to give them extra time to conclude their negotiations. Especially the trade unions criticise this extension. As no agreement can be reached, government decides to extend the wage freeze to cover the second half of 1976 as well (SIB 28, 1976: 2-8; SIB 43, 1976: 25; SIB 47, 1976: 4-6). All in all, government policy in 1976 puts quite a strain on relations with both parties. But especially with the trade unions, and more specifically with the FNV, relations have seriously deteriorated (SIB 28, 1976: 17-23; Windmuller et al 1983: 233-235).

1976				
Government strategy	II	IV	II	IV
Trade unions style	A	A	B	B
Employers' organisations style	A	A	B	B
Combined style social partners	A	A	B	B
Outcome	IVB			

The government tries to facilitate negotiations by introducing a compensatory policy package of public expenditure. However, negotiations break down rapidly and are not resumed despite efforts by the government. Consequently, the government institutes a six-month wage 'freeze' and implements its own policy package of public expenditure. Negotiations continue for the period after the wage 'freeze'. However, negotiations bog down in a deadlock despite all efforts by the government to induce both parties to come to an agreement. Therefore, the government extends the wage 'freeze' to cover the rest of 1976 as well.

1977

As a result of both binding wage measures in 1976, relations between the Den Uyl government (PvdA, KVP, ARP, D66, PPR) and the trade unions have reached an all time low. Relations with employers' organisations are strained as well, because of the government's reform programme: wage earner Funds (VAD), Works Councils (OR), rents and land policy (SIB 25, 1976: 22, 23). This has a major impact on the negotiations for 1977. The government decides in advance not to intervene in negotiations between trade unions and employers' organisations (SIB 36, 1976: 32; SIB 40, 1976: 43, 44).

The agendas of trade unions and employers' organisations (again) differ greatly at the end of 1976. Employers still want to end the system of automatic price compensation in wages to keep wage costs below productivity (SIB 18, 1976: 24-30; SIB 43, 1976: 23, 24), and are dead set against the reform programme of the Den Uyl government (see also SIB 3, 1976: 9-12). The trade unions on the other hand, reach the conclusion that the automatic price compensation is their only effective defence against an ineffective government price policy. Nevertheless, they are willing to exclude some price effects from the index, like a rise in VAT (SIB 41, 1976: 3-7). And they support the government's policy programme, which includes a Bill on Wage Earner Funds (SIB 25, 1976: 20, 21; SIB 45, 1976: 16).

Despite incitements and mediation by the government, accompanied with incentives (lower taxes on wages and profits: SIB 40, 1976: 41, 42), parties are not able to reach a Central Agreement. The main stumbling block is the automatic price compensation. Consequently, negotiations are continued on the branch and company levels (SIB 47, 1976: 13). With the guided incomes policy of 1976 still fresh on everyone's minds, and helped by reasonably good economic prospects, the government does not intervene in these negotiations.

Early 1977 a series of strikes is organised by the trade unions to defend the system of automatic price compensation. Negotiations on the lower levels grind to a halt completely. The deadlock is broken by active mediation of the government on the central level, at the request of the employers' organisations (SIB 4, 1977: 20, 21; SIB 7, 1977: 14-16; Windmuller et al 1983: 239). In February 1977

parties reach an agreement, the so-called ‘Protocol of The Hague’ (Haags Protocol). This Protocol is not a detailed Central Agreement, but a basis for further negotiations on the branch and company level. In the Protocol, the demands of the unions are honoured to a large extent. The system of automatic price compensation remains in force that year, and on top of that a wage rise in real terms is agreed. However, trade unions have to agree to a joint study of the whole system of price compensation, and to a joint study on the relation between profits and jobs (SIB 7, 1977: 14-17; SIB 20, 1977: 9; STAR 1985: 50, 51). Based on the Protocol, negotiations on the branch and company levels resume. The government refrains from any direct intervention, but continues with its programme of reform and incentives to prop up collective contracts on the branch and company levels (SIB 5, 1977: 11-13, SIB 7, 1977: 7, 8; SIB 8, 1977: 4-6, 14; SIB 21, 1977: 11; SIB 26, 1977: 21; Windmuller et al 1983: 236, 237).

In the end, trade unions and employers’ organisations did not reach agreement on their joint studies (Akkermans 1999: 52-54).

1977			
Government strategy	II	II	II
Trade unions style	B	A	B
Employers’ organisations style	B	A	B
Combined style social partners	B	A	B
Outcome	IIB		

The government facilitates central negotiations between trade unions and employers’ organisations. Central negotiations break down. Negotiations on the decentral level are marked by conflicts over the automatic price compensation. A bipartite Central Agreement, mediated by the government, eventually resolves these conflicts.

1978

Despite the Den Uyl government (PvdA, KVP, ARP, D66, PPR) is outgoing, they actively intervene in negotiations on incomes policy for 1978. Following its involvement in the so-called ‘Protocol of the Hague’ of 1977, both trade unions and employers’ organisations expect a substantial contribution from the government. Government in turn is prepared to come with a policy package of public expenditure of 2,500 million, provided trade unions and employers’ organisations come to a Central Agreement aimed at wage moderation (SIB 40, 1977: 19, 20; SIB 41, 1977: 5, 6; SIB 42, 1977: 3, 4, 15).

Before negotiations even start, the FNV states its support of the policy goals of the government. However, they and the other trade unions do not want to accept a policy of moderation (of wages and government expenditure) for more than one

year. There is little confidence in the results of such a policy (SIB 29, 1977: 22). Employers' organisations register a large series of complaints against the government's policy package. Their main objection remains the price compensation, unless more sources of price rises are excluded from the index. On the whole, employers' organisations feel that the policy package of the government does not sufficiently lower costs for them, despite extra offers by government (SIB 33, 1977: 16-19; SIB 34, 1977: 27, 28, 31; SIB, 42, 1977: 14 -18).

The trade unions are strongly opposed to the demand of the employers' organisations, but remain willing to negotiate. Although their demand for restoration of buying power by means of price compensation is not relinquished, they do not exclude the possibility that some sacrifices will have to be made for a reduction in working hours in order to combat unemployment (SIB 26, 1977: 5, 6; SIB 34, 1977: 27, 28, 30, 31, 36, 37; SIB 36, 1977: 2; SIB 37, 1977: 22, 23; SIB 38, 1977: 9; SIB 41, 1977: 8, 9).

Both parties do agree that the government's policy package is not sufficient to reach a Central Agreement. Trade unions are indignant at the government's proposal not to raise wages (SIB 40, 1977: 15; SIB 41, 1977: 5), but blame the employers' organisations for the failure of the central negotiations (SIB 43, 1977: 24, 30, 31). Employers' organisations feel that the package is not sufficient to keep both buying power in tact and enhance the competitiveness of the market sector. They conclude that negotiations will have to be devolved to the branch and company levels. As a consequence, central negotiations break down (SIB 41, 1977: 6; SIB 43, 1977: 20-26).

Due to growing unemployment, the main item in the negotiations on the branch and company level is the unions' demand for agreements on jobs and job security (Arbeidsplaatsenovereenkomst - APO), in return for moderation of wage demands (including the price compensation) (SIB 43, 1977: 24-26; SIB 3, 1978: 17-19). Because it is outgoing, the Den Uyl government does not intervene in the ensuing negotiations on the branch and company levels, and neither does the incoming government Van Agt I (CDA, VVD). The new government announces it will honour the policy package devised by the Den Uyl government, and throws in another 50 million to support agreements on jobs and job security concluded on the branch level (the trade unions had demanded 500 million) and an extra 1,000 million to cut costs for employers (SIB 7, 1978: 10, 11; SIB 8, 1978: 24, 25).

1978		
Government strategy	II	II
Trade unions style	A	B
Employers' organisations style	A	B
Combined style social partners	A	B
Outcome	IIB	

Both governments try in vain to bring trade unions and employers' organisations to a central agreement by offering compensating policy packages for public expenditure. Both governments refrain from intervention in decentral negotiations.

1979

The policy programme 'Bestek '81' (Direction '81) of the government Van Agt I (CDA, VVD) largely determines negotiations on wages and terms of employment for 1979. Because of the worsening economic situation, government plans to cut social security expenditure, health care and wages of civil servants and other (semi-) public sector employees. The government's aim is to reduce budget deficits and at the same time to increase profitability in the market sector. To win support by the trade unions, the government announces the speedy introduction of the bills regarding the VAD and the OR (SIB 25, 1978: 12-19; Roebroek and Hertogh 1998: 377, 378; Akkermans 1999: 57, 62, 63). Bestek '81, to a large extent, determines beforehand the room for wage rises. To accommodate the trade unions government pledges to protect the purchasing power of people on minimum wages and benefits, but only if and when the results of negotiations do not exceed the limits set by the government.

Central negotiations break down in a very early stage. Trade unions blame the government: it had nothing to offer (SIB 32, 1978: 23; SIB 42, 1978: 3-9; SIB 43, 1978: 14). Employers are disappointed but stress they were only prepared to strike a cost-effective deal. The government squarely blames the FNV and continues with the implementation of its policy programme (SIB 42, 1978: 6-9; SIB 43, 1978: 7, 8; SIB 45, 1978: 37-39; SIB 3, 1979: 9-11; SIB 24, 1979: 19; SIB 29, 1979: 6).

All trade unions have great difficulties with the government's policy programme Bestek '81. They feel that the low-income groups pay for those policies and that these policies do not reduce unemployment (SIB 33, 1978: 34-36; SIB 34, 1978: 11-14, 18, 19, 21, 22). The unions are especially indignant at the cuts in social security benefits and wages in the (semi-) public sector which the government announces prior to deliberations on those issues in the SER. Therefore, trade unions decide to counter the government's policies by including compensatory demands in the negotiations on wages and other terms of employment. They demand compensation for inflation for lower and middle income groups, a reduction in working hours, and agreements on jobs and job security (APO's). There is, however, a difference between FNV and CNV. The FNV is much more inclined than the CNV to push negotiations to the brink (SIB 34, 1978: 11-14; SIB 37, 1978: 11-13; SIB 38: 1978: 12).

Due to this clash between government and especially the FNV, employers' organisations can afford to lean back, at the same time, however, insisting that Bestek '81 should be implemented as quickly and completely as possible (SIB 42, 1978:

3). When central negotiations eventually break down, because the trade unions feel the government package is insufficient, employers' organisations profess their disappointment and renew their plea for a speedy implementation of Bestek '81 (SIB 44, 1978: 2).

Both parties then intensely lobby parliament for their demands, but the government succeeds in getting their programme approved without major changes. The final version of Bestek '81 does include some concessions to the trade unions, but again, these fall far short of what the unions want (SIB 43, 1978: 14, 15; SIB 44, 1978: 2, 7).

Renewed attempts by the government to get parties to conclude a Central Agreement by offering a policy package of public expenditure of 770 million fail as well, because the FNV feels that both the offer of the government and the response of the employers' organisations beforehand reject all their demands. The CNV, habitually, takes a more positive stance towards negotiations and deliberations between parties and the government (SIB 45, 1978: 37-39; SIB 1, 1979: 11-14; SIB 3, 1979: 9-11).

During the ensuing negotiations on the branch and company levels, only the FNV demands a wage rise above inflation. Half of the workforce receives a modest wage rise on top of the price compensation. In all contracts the number of holidays increases with one or two days. Total wage costs increase with some 6.5%. Government does not intervene in the outcome of the negotiations (Windmuller et al 1983: 241-243; SIB 2, 1979: 4-6). On the central level, talks about extra employment policies, based on Bestek '81, continue (SIB 4, 1979: 22; SIB 5, 1979: 7, 13, 17; SIB 8, 1979: 8; SIB 9, 1979: 17). A joint report of a tripartite working party is, however, in the final instance rejected by the FNV, who in turn come with their own report (SIB 32, 1979: 14, 15; SIB 33, 1979: 17, 18; SIB 34, 1979: 24; SIB 35, 1979: 16).

1979				
Government strategy	IV	II	IV	II
Trade unions style	A	A	A	A
Employers' organisations style	B	B	B	B
Combined style social partners	A	A	A	A
Outcome	IIA			

The government determines beforehand the room for wage rises. At the same time, the government's policy package to facilitate negotiations does include incentives for especially the trade unions to entice them to conclude a central agreement. These incentives, however, fall far short of the unions' demands. The subsequently enlarged government's policy package with extra public expenditure equally fails to bring trade unions and employers' organisations to a cen-

tral agreement. The enlarged policy package is the framework in which decentral negotiations take place. Government does not intervene in the outcome of these negotiations.

1980

Wage negotiations for 1980 are completely dominated by the effects of the second oil crisis of 1979. Trade unions, especially the FNV, make every effort to get central negotiations going. Finally, they issue a concrete demand of a wage rise of 2% above the price compensation (SIB 37, 1979: 21, 22; SIB 38, 1979: 10, 11). Only then, do employers' organisations take up a clear position (SIB 38, 1979: 12). They regard this demand as 'a slap in the face' as it means a rise in total wage costs of 5%. If unions stick to their demands, employers' organisations announce, they will not negotiate. As the government has announced tax cuts, they feel that any demand above a 0.5% wage rise is unfounded. Employers feel that the unions' demands with respect to both wages and a reduction of working hours miss their mark: keeping buying power in tact and reducing unemployment (SIB 39, 1979: 5).

The Van Agt I government (CDA, VVD) then intervenes with an incomes policy proposal based on wage moderation: price compensation plus 0.5% (SIB 37, 1979: 25).

The FNV counters with a demand for price compensation plus 1%. With this demand employers can agree. However, negotiations break down on a condition of the FNV: an extra payment between 0 and 1% for dirty, dangerous, and disagreeable jobs (SIB 40, 1979: 5, 6; STAR 1985: 52). This became the so-called 'nearly-agreement' (*bijna-accord*) of 1980, which was (all but) concluded, partly thanks to government intervention (see also Akkermans 1999: 67, 72-83, 88 on the internal ramifications for the FNV of this 'nearly-agreement'). Early January 1980, the new economic forecasts of the effects of the second oil crisis become public (SIB 1, 1980: 49, 50). In response, government asks both parties to agree to a four-month wage pause, to gain time to devise a policy adjustment and to try and get both parties to a Central Agreement after all. Both parties refuse, and the government imposes a two-month 'freeze' of wages and other terms of employment, excluding the price compensation. In this 'wage pause' of two months the government will decide on appropriate measures to counter the economic downturn. Trade unions and employers' organisations are asked to refrain from general wage rises and to reduce price compensations as well. In return, the government offers a tax cut to protect the purchasing power of people living on minimum wages and social security benefits (SIB 34, 1979: 39; SIB 37, 1979: 25; SIB 38, 1979: 7-9; SIB 2, 1980: 9-20; SIB 7, 1980: 7-11). Trade unions and employers' organisations eventually fail to reach an agreement, be it amongst themselves or with the government, even after an extension of the

‘wage pause’ with another month, and repeated threats by the government that it will ask for an extension of its regulatory powers under the Law on Wage Formation and impose a binding wage measure if no Central Agreement is reached (SIB 33, 1979: 29-31; SIB 38, 1979: 7-9; SIB 40, 1979: 5, 6; SIB 4, 1980: 9, 10; SIB 6, 1980: 14, 15, 24-26; SIB 7, 1980: 16, 17).

Consequently, and despite strikes organised by the FNV against the proposed extension of the governments powers (SIB 2, 1980: 14; SIB 4, 1980: 8, 9; SIB 8, 1980: 5-20; SIB 9, 1980: 18, 19), the government imposes a binding wage measure: no real wage increase is allowed and the price compensation is reduced by paying a set amount of 26 guilders per month to all (SIB 7, 1980: 7; Windmuller et al 1983: 245/246). This intervention is followed by extra budget cuts to keep the deficit under 6% (SIB 6, 1980: 16-20; SIB 7, 1980: 7-13; STAR 1985: 52). Both employers’ organisations and trade unions thoroughly disagree with the government’s intervention policy, be it from a different perspective. They do agree on ‘free’ negotiations, without continuous government interference, but disagree on the contents of the government’s policy. Employers’ organisations feel the government does not go far enough, the FNV feel the government goes much too far. The CNV’s position is between the FNV and the employers’ organisations (SIB 6, 1980: 26-30). The government in turn, feels that parties can not guarantee that free negotiations will not lead to excessive wage rises, which in turn, through all linking mechanisms between the market and the (semi-) public sector, will lead to even greater budget deficits (SIB 5, 1980: 9).

1980					
Government strategy	II	III	IV	II	IV
Trade unions style	B	B	B	B	B
Employers’ organisations style	B	B	B	B	B
Combined style social partners	B	B	B	B	B
Outcome	IVB				

First the government facilitates central negotiations by announcing tax cuts. When negotiations break down, government tries to get them going again by an incomes policy proposal that almost succeeds in getting trade unions and employers’ organisations to come to a central agreement. Then the effects of the second oil crisis begin to become clear, and government asks both parties to agree voluntarily to a wage pause. As parties refuse, the government institutes a binding wage pause. As trade unions and employers’ organisations still cannot come to an agreement, despite incentives offered by the government, the government finally imposes a binding wage measure. The binding wage measure is heavily opposed by both trade unions and employers’ organisations.

1981

In 1981, driven by the steadily worsening economic situation, the Van Agt I government (CDA, VVD) again sets limits to wage negotiations. No binding wage measure will be imposed, if the rise of combined total wages remains below 8%. Moreover, government is prepared to accept a higher budget deficit and offers 500 million to combat unemployment for every per cent that combined total wages rise less than 8% (SIB 24, 1980: 3-6; SIB 25, 1980: 7-9). If, however, trade unions and employers' organisations cannot reach an agreement, the price compensation or the holiday allowance will be capped (SIB 28, 1980: 3, 4).

Again, government urges trade unions and employers' organisations to reach a Central Agreement to exercise wage restraint. To make that possible, the government proposes a policy package of public expenditure (SIB 25, 1980: 7-9; SIB 29, 1980: 17, 18; SIB 32, 1980: 24, 25). The package is, however, rejected by the FNV, because it falls far short of the goals set by the FNV: a clear and working employment policy, the targeted use of natural gas revenues for investment and jobs, and a more fair distribution of the proposed income reductions. In addition, the reductions in the price compensation by reducing its index and the cuts in holiday allowances are non-negotiable for the FNV (SIB 24, 1980: 6; SIB 27, 1980: 11; SIB 29, 1980: 6, 7). For the CNV, the reduction of the price compensation is negotiable, if that money, plus the natural gas revenues, is put into a National Fund for Employment that is to promote investments that provide jobs (SIB 26, 1980: 17, 18; SIB 27, 1980: 11).

Employers' organisations, however, support the government's policies. Their main criticism regards the high level of the budget deficit and insufficient cuts in public expenditure. They do agree with the reduction of the price compensation (SIB 27, 1980: 10, 11; SIB 29, 1980: 7).

During negotiations employers' organisations hold back and do not respond to advances by the trade unions. Instead, they ask the government to implement its projected policy of wage restraint (SIB 30, 1980: 4, 5). The differences between both parties do not pertain as much to the amounts involved in the requested moderation, but rather to the distribution over the different income groups, and the effects on employment and profitability.

When negotiations do break down, government responds with a partial wage measure, based on its previous policy proposals, which affects both new and existing contracts. The price compensation is reduced by 2%, and the holiday allowance with 0.5%. Existing 'floors' in holiday allowances are not to be increased, and the allowances are capped at a maximum of 433.33 guilders per month. The aim is a rise of combined total wages of 4 to 5%. In exchange, taxes are cut as well. The government's package does leave some room for extra payments for dirty, dangerous and disagreeable jobs, but the government immediately warns that 'excessive' wage rises will not be tolerated, that is, will

lead to an encompassing wage measure (KHA 1980: 675, 698, 707, 775; SIB 32, 1980: 24-26; SIB 34, 1980: 7, 8; SIB 2, 1981: 42, 43; STAR 1985: 53). Trade unions express their disappointment; especially because existing contracts are broken open (SIB 32, 1980: 26). Employers' organisations feel that the government's intervention is inevitable, because of failing government policy. As long as the government does not solve the problems in the (semi-) public sector, the only way out is to restrain the (parties in the) market sector (SIB 34, 1980: 9-11). Early 1981, notwithstanding their disagreements on incomes policy, talks between employers' organisations and trade unions on employment and labour market policies continue in the STAR. These talks result in an understanding between trade unions and employers' organisations on three points: to further employment, to redistribute existing employment, and to improve the operation of the labour market. This understanding forms the basis for a series of recommendations for decentralised negotiations on the branch and company levels. On the central level, two working parties are installed to devise policies on employment and on bottlenecks in the labour market (SIB 2, 1981: 36, 37; SIB 3, 1981: 63-65; SIB 4, 1981: 84, 85; SIB 6, 1981: 145-147; STAR 1985: 53).

1981		
Government strategy	III	IV
Trade unions style	A	A
Employers' organisations style	A	A
Combined style social partners	A	A
Outcome	IVA	

The government proposes a policy package of public expenditure to get trade unions and employers' organisations to conclude a central agreement on incomes policy. The package is rejected by trade unions. In response, employers' organisations refuse to negotiate. Consequently, the government imposes its own incomes policy package on trade unions and employers' organisations.

On the issue of employment, trade unions and employers organisations manage to come to an understanding on their own. This understanding forms the basis for decentral negotiations.

1982

Before and in 1982, three governments are involved in wage negotiations: the government Van Agt I (CDA, VVD), Van Agt II (CDA, PvdA, D66) and Van Agt III (CDA, D66). The first Van Agt government continues with Bestek '81: wage moderation and cuts in social security benefits, health care, and wages of civil servants and other (semi-) public sector employees, to prop up company profits and reduce rising budget deficits (SIB 19, 1981: 465).

The Van Agt II government proposes a dual policy package: reduction of the growing budget deficit by continuation of cuts in government expenditure, accompanied by a job creation policy (SIB 24, 1981: 578-79; SIB 25, 1981: 603; SIB 5, 1982: 100, 101). When parties cannot conclude a Central Agreement, government intervenes with a partial wage measure (SIB 25, 1981: 600, 601). Although the government in principle agrees to the contractual freedom of trade unions and employers' organisations, it reserves the right to intervene when deemed necessary, but with a minimum of force, hence the 'partial' wage measure:

- a maximum of 46.50 guilders in compensation for each per cent price rise;
- holiday allowances are again cut with 0.5% and remain capped at 433.33 per month;
- existing 'floors' in holiday allowances may, however, be increased with 5% (SIB 3, 1982: 49, 50; STAR 1985: 54).

The second Van Agt government has a very bad relation with both the trade unions (because of its proposals to reduce payments during sick leave (SIB 1, 1982: 7; SIB 5, 1982: 98, 99; SIB 6, 1982: 119, 120)) and the employers' organisations (due to the levelling effect of capping and reducing the price compensation and the holiday allowance). Due to internal disagreement over the policy of job creation between the PvdA on the one hand, and the CDA and D66 on the other, the government expires after six months (Windmuller et al 1983: 250-51; Roebroek and Hertogh 1998: 379).

The minority government Van Agt III continues the original policy of the Van Agt I government: further wage moderation and budget cuts. For the first time, social security benefits are cut as well (SIB 11, 1982: 241, 242). The government's main task, however, is to organise elections. The partial wage measure remains in force.

Although both trade unions and employers' organisations agree that economic growth is necessary, their opinions on the policy measures required to achieve that goal are wide apart. Both parties object to the package the new Van Agt II government proposes for the realisation of an agreement. Trade unions fear too much moderation and employers' organisations too little budget cuts. Within a matter of weeks, negotiations have broken down and the government announces a partial wage measure. Both parties protest to this intervention, individually and as the STAR. Their main objections are that the intervention does away with contractual freedom, and that it is not in the interest of economic growth. The parties differ on the proposed corrections of the distribution of measures over higher and lower income groups. The trade unions feel that the proposed distribution remains unfair to the lower paid; the employers' organisations are against any kind of 'levelling' measures (Windmuller et al 1983: 250, 251; KHA 1982: 104-108; SIB 25, 1981: 600-602).

Parallel to the wage negotiations, the co-operation between both parties on

employment, working hours and the operation of the labour market continues. The two working parties formed in 1981 issue reports which act as a series of recommendations to parties for decentralised negotiations on the branch and company level on issues like part time work, early retirement, job creation, education, labour exchange, et cetera (SIB 23, 1981: 552; SIB 24, 1981: 572-575). Attempts by the Van Agt II government to prop up this co-operation by issuing an employment package founder on the internal disagreement within the government between the PvdA on the one hand, and the CDA and D66 on the other (SIB 4, 1982: 84; SIB 5, 1982: 100-102; Windmuller et al 1983: 250-51).

1982			
Government strategy	I	II	IV
Trade unions style	B	B	B
Employers' organisations style	B	B	B
Combined style social partners	B	B	B
Outcome	IVB		

On the issue of incomes policy, the various governments pursue their own course, as trade unions and employers' organisations cannot come to an agreement. On the employment issue, parties intensify their co-operation, both on the central and the decentral level.

1983

The outgoing minority government Van Agt III (CDA, D66) proposes a tough budget for 1983. The aim is to prevent government finances getting out of control completely. The expected budget deficit over 1982 will be above 10% of GDP. Therefore, the government plans some 13,000 million guilders in budget cuts in 1983 by 'freezing' social security benefits and salaries in the (semi-) public sector on their July 1st, 1982 levels. And even then the expected deficit for 1983 will reach 12% of GDP. Trade unions and employers' organisations are asked to comply and to exercise a 2% wage moderation, that is, inflation minus 2%. If not, government will intervene to make sure its budget policy is not undermined by agreements between unions and employers. In return, government is prepared to hold the financial finalisation of the budget until after consultations with the STAR over wages and other terms of employment for 1983 (SIB 15, 1982: 329; Roebroek and Hertogh 1998: 379-80).

On 28 October 1982 CDA and VVD reach an agreement over a government policy platform for 1984-1986. This opens the way for the formation of the Lubbers I government. The 1983 budget is largely taken over from the outgoing government. For 1984-1986, the new government proposes wage moderation for the market sector of 2% per year (inflation minus 2%). The (semi-) public sector

will face cuts of some 12,000 million guilders in total. Half of this amount is achieved by cutting social security benefits and wages and other terms of employment in the (semi-) public sector. The other half will come out of the reduction of other government expenditure. Special measures to spare the lowest paid workers are made conditional on the results of consultation with and between trade unions and employers' organisations (Nederlandse Staatscourant 28-10-1982; Visser and Hemerijck 1997: 100).

The agenda of the trade unions differs radically from the proposed government policies. For both the FNV and the CNV jobs are the main issue. They accept that in view of the severe economic problems income for workers cannot be maintained. FNV and CNV reject, however, that cutting wages only can solve the problems. In their view, that will only increase unemployment as a result of declining domestic demand. Instead they argue for a comprehensive policy agreement between the government, the trade unions and the employers' organisations. The core of that agreement should be an exchange between price compensation and jobs, by a reduction in working hours. The trade unions reject the proposed cuts in the (semi-) public sector. They want to preserve all existing linkages between the market and the (semi-) public sector (SIB 8, 1982: 166, 167; SIB 14, 1982: 307; SIB 15, 1982: 328, 329).

The employers' organisations on the other hand see the proposed budget for 1983 as only the first step in a programme of even more cuts in the (semi-) public sector to get government finances in balance again. They argue for free negotiations on the decentral level of branches and industries, and reject a comprehensive central package like the unions propose. Only the retail organisations protest against the announced government cuts for fear of reduced domestic demand (SIB 15, 1982: 328, 329).

Both trade unions and employers' organisations agree, however, that further direct government intervention in wages and other terms of employment is undesirable (SIB 15, 1982: 328).

The incoming government Lubbers I puts pressure on trade unions and employers' organisations by announcing that its government declaration in parliament will include yet again an intervention in wages and other terms of employment (see also Jones 1999; Andeweg 2000: 706). This induces Van Veen, chairman of the STAR for the employers' organisations, to persuade Kok, chairman of the STAR for the trade unions, to come to an agreement, the so-called 'Akkoord van Wassenaar' of 19 and 24 November 1982, to keep government out of the market sector. Trade unions agree to suspension of the price indexation in 1983 and 1984, and employers agree to a reduction in working hours and the creation of part time jobs in order to redistribute employment. Both acknowledge that in the end it is the profitability and competitiveness of Dutch companies that are the reference points for negotiations.

The 'Wassenaar Agreement' is not a Central Agreement with detailed clauses, but a 'recommendation' to parties on the branch and industry level to 'break open' existing contracts in order to effect an exchange of price compensation for a reduction in working hours⁸¹. In essence, the agreement is the first step of decentralisation of wage negotiations in the market sector (SIB 6, 1985: 114). On the central level, actors start working parties on the redistribution of employment and on youth unemployment (SIB 16, 1982: 353, 354; van Bottenburg 1995: 192-197; SIB 5, 1995: 10-13; SIB 12, 1997: 3-9; Kuipers 1998: 15-21; Bruggeman and Camijn 1999: 265-271; STAR 1985: 54, 55; Visser and Hemerijck 1997: 81, 82; Visser 1999: 288; Hemerijck and Visser 1999: 129-131; Hemerijck 2002: 231-232).

The Wassenaar Agreement regards the market sector. In response to the agreement, the government drops the proposed wage measure from its government declaration on 22 November 1982, but announces even greater cuts in the (semi-) public sector. Instead of 12,000 million over the whole period 1984-1986, it will be 7,000 million annually over those three years, or 21,000 million in toto. And for 1983, on top of the 13,000 million already in the budget, another 1,200 million is added. Reduction of the budget deficit and deregulation of social security legislation to achieve a more flexible job market are the two main points of the government's policy platform (SIB 16, 1982: 359). Strongly opposed by the trade unions, the government introduces the necessary legislation to 'freeze' social security benefits, the minimum wage and wages in the (semi-) public sector. In effect, the (semi-) public sector is de-linked from the market sector (SIB 16, 1982: 359; SIB 17, 1982: 386, 387; Visser and Hemerijck 1997: 101; Akkermans 1999: 38).

In the market sector, the agreement is a great success, initially. On January 18, 1983 more than 75% of workers under collective contracts have their price compensation suspended pending negotiations over where and how to use that money. But not all renegotiations succeed (SIB 1, 1983: 19). The government therefore announces that it will intervene with binding measures if unions and employers fail to agree on a reduction in working hours. Both parties oppose the possibility of intervention (SIB 2, 1983: 49-51). But under pressure of the government, trade unions and employers' organisations on the branch and industry level succeed in reaching more agreements. In April 1983, some two-thirds of workers under collective contracts have their price compensation exchanged for a reduction in working hours, usually in the form of early retirement and more holidays. The collective contracts to this effect are usually for a period of up to

81. The official title of the agreement is 'Centrale aanbevelingen inzake aspecten van een werkgelegenheidsbeleid' which translates roughly as 'Central recommendations with regard to aspects of an employment policy'.

two years. They end January 1st, 1985 or after (SIB 9, 1984: 202). About one-third of the workforce eventually receives their price compensation in cash as no deals could be concluded. Trade unions and employers' organisations are content with these results, and so is the government, who refrains from intervention (SIB 4, 1983: 97; SIB 5, 1983: 126, 127).

The government, in the mean time, continues and intensifies its programme of budget cuts by announcing a reduction of the minimum wage for the under-23, a reduction of social security benefits with 2%, and a capping of the holiday allowance for (semi-) public sector employees (SIB 3, 1983: 69, 70; SIB 4, 1983: 98; Roebroek and Hertogh 1998: 384-85).

1983					
Government strategy	III	IV	I	IV	I
Trade unions style	C	B	C	B	C
Employers' organisations style	A	C	C	B	C
Combined style social partners	A	B	C	B	C
Outcome	IC				

Under strong pressure from the incoming government, trade unions and employers' organisations succeed in striking a deal. The bipartite 'Wassenaar Agreement' is an exchange of the automatic price compensation for a reduction in working hours and the creation of part time jobs. Part of the agreement is the continuation of studies and working parties on employment issues. As decentral negotiations on the exchange proceed too slowly to the government's liking, the government threatens to intervene with a binding measure. This induces trade unions and employers' organisations to conclude more decentral agreements. Government policy is targeted on the reduction of the budget deficit by delinking the market and the (semi-) public sector and cutting benefits and wages in the (semi-public) sector. The proposed cuts are not implemented in 1983.

1984

The Lubbers I (CDA-VVD) government's original policy proposals for a 2% cut in minimum wages and social security benefits in October 1982 (see 1983) are shelved. Instead, in May and August 1983, the government seeks official advice from the SER on a new policy proposal for 1984. The new proposal includes:

- no indexation of minimum wages and social security benefits in 1984 (as is prescribed by law);
- a 3.5% cut of all social security benefits and the legal minimum wage as of 1 January 1984;
- a reduction of social security benefits from 80 to 70% of last earned wages (SIB 5, 1983: 113-117; SIB 9, 1983: 197).

In line with these cuts, the salaries of civil servants and other (semi-) public sector employees will also be cut by 3.5% on January 1st, 1984.

The proposals are included in the 1984 budget that aims at a reduction of government spending with some 10,600 million guilders in 1984, including a 2,000 million guilder reduction in costs for employers (SIB 7, 1983: 170; SIB 9, 1983: 205). Trade unions are opposed to these cuts. They argue that the people hardest hit by the recession will carry the brunt of the budget cuts. Instead, unions propose a lower cut in incomes for everyone, plus an employment programme to combat unemployment, even if that means a higher budget deficit in 1984. They announce actions against the government's 1984 budget (SIB 4, 1983: 98; SIB 6, 1983: 143, 144, 150; SIB 7, 1983: 170; SIB 9, 1983: 205, 206; SIB 10, 1983: 236, 241).

The employers' organisations on the other hand, advocate even tougher cuts and changes in the social security system. They feel that government is not going far enough (SIB 6, 1983: 143). As to the 1984 budget, employers support the government. If the budget is implemented completely, 1984 will be the first year in which public spending and the budget deficit will not rise. The announced reduction in costs for employers in the market sector is welcomed as well (SIB 7, 1983: 170; SIB 9, 1983: 206).

In October 1983, a majority in parliament approves the proposed budget (SIB 10, 1983: 236).

Consultations between the government, trade unions and employers' organisations in the STAR in October and November 1983 do not lead to agreement. Trade unions organise the largest strikes and other actions by (semi-) public sector employees and civil servants since 1945. Government acknowledges that the difference in treatment of (semi-) public sector employees and civil servants compared to workers in the market sector is a problem. In the market sector no wage cuts are implemented, but instead an exchange between price indexation and a reduction in working hours was effected in 1983. However, as trade unions and employers' organisations are not prepared to 'break open' existing collective contracts in the market sector to effect comparable cuts in wages in return for a further reduction in working hours, there is little the government can do to amend this. The trade unions' alternative plans are not acceptable for the government, as they would increase the budget deficit. Employers' associations support the government. In a gesture to the trade unions, the 3.5% cut in wages and benefits in the (semi-) public sector is reduced to 3%, and social security premiums paid by employees are reduced with 1.3% (SIB 10, 1983: 236, 237; SIB 11, 1983: 257-271; STAR 1985: 56, 57; Akkermans 1999: 108-112).

This difference between trade unions and employers' organisations is reflected in the divided recommendation by the SER on the proposed cuts and other changes in the social security benefit system: trade unions advise against, employers in

favour (SIB 10, 1983: 213-218).

The agreement between government and employers' organisations on this issue induces the trade unions to step up their actions. The FNV also temporarily stops its participation in all national advisory bodies until the law countering the 1984 budget has been officially effectuated (SIB 12, 1983: 289, 290). This is the case early December 1983. All actions then cease officially. But the FNV threatens to end its participation in the SER permanently, unless government is prepared to have meaningful consultations, including a discussion of alternative proposals, for future years. Duly, government states that it is well prepared to do so and seeks to include social partners in its deliberations from an early stage. In response, the FNV returns to the SER (SIB 12, 1983: 288, 289; SIB 1, 1984: 12). In January 1984, government starts a round of separate consultations with trade unions and employers' organisations. On the agenda are the announced cuts in social security benefits from 80 to 70% of last earned wages. Employers' organisations fear extra costs will result from these cuts, because in practice, through collective contracts, benefits are usually - at least temporarily - increased from 80 to 100% of last earnings. Without any accompanying legislation these proposed cuts will effectively mean higher costs for employers. Trade unions on the other hand remain dead set against the proposed cuts. As a result, in March 1984 the SER again delivers a divided recommendation on the proposed cuts in social security benefits as of 1 July 1984: employers are in favour, despite their misgivings on costs, and trade unions are against (SIB 2, 1984: 44).

Nevertheless, government decides to postpone its original plan to reduce benefits from 80 to 70% of last earned wages in 1984. Instead, for 1984 a few less drastic cuts are proposed, plus some changes in the system of bookkeeping of social security funds. This policy change, however, does not pacify trade unions. Employers' organisations still prefer the original plan. But in June 1984, a majority in parliament approves the government's change in policy (SIB 4, 1984: 96; SIB 6, 1984: 159).

As most collective contracts (re)negotiated and concluded in 1983 cover 1984 as well, negotiations in branches and industries in the market sector are minimal.

1984	
Government strategy	I
Trade unions style	C
Employers' organisations style	C
Combined style social partners	C
Outcome	IC

Incomes policy in the market sector is determined by the bipartite Central Agreement and ensuing collective contracts struck in 1983 that cover 1984 as

well. Incomes policy in the (semi-) public sector is determined by the government's new policy package that is implemented against heavy opposition by the trade unions.

1985⁸²

Agendas and consultations for 1985 are influenced by the April 1984 recommendation of the SER on mid-term socio-economic policy: 'economic growth and combating unemployment in a comprehensive policy', both with respect to content and with respect to the organisation of consultations.

Trade unions and employers' organisations agree on the general goals of the policy: a recovery of the market sector, a reduction of public spending in relation to market income to provide for growth in the market sector, a reduction of the budget deficit, and a continuation of the redistribution of employment. They disagree, however, on ways and means and timetables to reach these goals. Employers' organisations want a continuation of the reduction of public spending to reduce the budget deficit and costs for employers. In order to reach that goal, incomes in the (semi-) public sector should lag behind those in the market sector. Trade unions fear for growing unemployment as a result of reduced government spending and cuts in (semi-) public sector incomes. They argue for solidarity between (semi-) public sector and market sector. And they propose to use the announced reduction in costs for employers to create employment. To this end they are prepared to wait with a major reduction in the budget deficit until the economy has sufficiently recovered.

The recommendation of the SER also proposes a reorganisation of consultations between government, trade unions and employers' organisations. In the beginning of each year, the so-called *spring consultation* should be used to sound out the ideas for next year's socio-economic policies, in preparation for the coming budget in September. In the *autumn consultation*, government and social partners then can co-ordinate their policies for the coming year (SIB 4, 1984: 65-70). The new system was immediately put in action.

Spring consultation

The Lubbers I (CDA, VVD) government announces it will continue with the implementation of its original policy platform of reducing public spending and the budget deficit. With regard to the projected annual reduction in costs for employers, government is prepared to use that money to support the negotiations

82. In 1985, new legislation effectively ended any existing links between the market and the (semi-) public sector with regard to wages. Within the (semi-) public sector, trade unions and employers' organisations are 'free to negotiate wages (...) but within limits set by the Cabinet'. In continuous consultations with trade unions, 'eight sectoral bargaining jurisdictions' are introduced in 1993, regarding 'central government, local government, police, education', (health) care, social services, and the like (Visser and Hemerijck 1997: 101-102).

between employers' organisations and trade unions on wages and other terms of employment, but only if and when that may lead to a further reduction in working hours, instead of an increase in wages. If that goal is achieved, government will also reduce working hours in the (semi-) public sector.

Trade unions argue for fewer cuts in public spending to preserve employment in the internal sector of the economy, and propose to use the reduction in costs for employers for investments in the internal sector of the economy in order to boost employment.

Employers' organisations urge the government to continue its policies to reduce public spending and the budget deficit, but to increase the proposed reduction of costs for employers in 1985, and not to use that money for other purposes (SIB 5, 1984: 117, 118)

Agendas

The government's agenda for 1985 has two priorities: a further reduction in working hours (instead of higher wages) in the market sector, and a continuation of the cuts in the minimum wage and in social security benefits. In 1985, the minimum wage and social security benefits will again not be indexed for higher prices. And the level of benefits will be reduced from 80 to 70% of last earned wages as of January 1st, 1985. By introducing tax reductions, the buying power of the lowest paid and the people on benefits will be more or less maintained. Employers will receive a reduction in costs of some 1,500 million guilders (SIB 9, 1984: 202, 203, 210, 211; SIB 10, 1984: 245; SIB 11, 1984: 254).

The trade unions' agenda for 1985 gives priority to a combination of maintaining buying power of workers and getting a further reduction in working hours. A 36-hour working week in 1986 is the ultimate goal. The FNV threatens to 'seize' the proposed reduction in costs for employers as well, if government continues its plans to reduce benefits as of January 1st, 1985 (SIB 10, 1984: 243-245; SIB 11, 1984: 269). All trade unions criticise the government's 1985 budget for undermining solidarity between workers in the market sector and in the (semi-) public sector, and between people on wages and people on benefits. In their view the budget is also one-sidedly aimed at a reduction in costs for employers and a reduction in government expenditure. Both of which have a negative bearing on employment (SIB 8, 1984: 190; SIB 9, 1984: 211, 212).

The agenda of employers' organisations for 1985 includes:

- no general collective increase in wages, but a continuation of wage moderation;
- no general collective reduction in working hours;
- special attention for employment measures aimed at young people (SIB 12, 1984: 290).

Employers' organisations are in favour of the government's 1985 budget with respect to the reduction of spending and of the deficit. However, they feel the

proposed reduction of costs for employers is both too low and in fact not a reduction at all, due to some of the other government's proposals. These include a reduction of reserves of social security funds, which have been accumulated over the years by contributions from employers. Also the proposed reduction of social security benefits from 80 to 70% of last earnings will have to be 'repaired' by employers through collective contracts which up the legal percentages to 100% of last earned wages. Both these policies will effectively cost employers more than they will get in the form of cost reductions. This aspect of government policy is not helpful in restoring company profitability (SIB 9, 1984: 214, 215; SIB 10, 1984: 244, 245).

Outcome

The SER advises almost unanimously against reducing paid sick leave from 80 to 70% of last earned wages, as that will jeopardise negotiations over the restoration of profitability and the redistribution of paid work (SIB 10, 1984: 217-219). The SER is evenly split between trade unions and employers' organisations with respect to the government's proposal not to index the minimum wage and social security benefits. Employers are in favour; trade unions oppose the proposal (SIB 10, 1984: 219-223).

During the *autumn consultation*, the government announces it will implement its budget in 1985, as a majority in parliament has now approved it. Trade unions reiterate their objections and employers' organisations their support (except with respect to the proposed reduction in costs for them). As no tripartite agreement can be reached, negotiations for 1985 are referred to trade unions and employers' organisations on the level of branches, industries and firms (SIB 10, 1984: 214). The FNV continues its actions and demonstrations against the government's proposed budget for 1985 (SIB 11, 1984: 270), and, together with the CNV, announce that they will try to redress the effect of the government's cuts in the minimum wage and benefits in the collective contracts. Trade unions want a further reduction in working hours as well.

Employers complain that this is a violation of the 1982 Wassenaar Agreement for 1983. That is based on both restoration of profitability and redistribution of work. Redressing government's policy, as the unions want, has a negative effect on profitability of companies (SIB 10, 1984: 243; SIB 1, 1985: 15).

During decentral negotiations, the FNV organises strikes and other actions in manufacturing industry and the building trade. Government threatens to intervene in collective contracts if cuts in benefits are 'repaired', but does not live up to it. In general, the social security cuts from 80 to 70% of last earned wages are 'repaired' to 100% in collective contracts. And in most agreements either a further reduction in working hours is included, or at least a study into the feasibility thereof. However, most workers will not get a 36-hour week in 1986.

Usually, a reduction of working hours is achieved by early retirement, part-time jobs, and more holidays. The average full time working week remains around 38 hours in 1985 (and in 1986 in two-year collective contracts). Most agreements cover one year, as opposed to 1983 when a majority of agreements lasted longer than one year (SIB 3, 1985: 54; SIB 4, 1985: 75; SIB 5, 1985: 105-107).

Employers' organisations and trade unions have a different evaluation of 1985. The employers stress that collective contracts concluded, on the whole support the notion of a combined strategy as agreed in the Wassenaar Agreement: restoration of economic growth (profitability) and of employment. This combined strategy was also the basis of the July 1984 recommendations of the STAR on youth unemployment. Employers also stress that the diversity in collective contracts underlines their preference for decentralised negotiations leading to a differentiation in results, that is, various forms of a reduction in working hours, as opposed to a general, collective reduction.

Trade unions on the other hand state that 1986 will be crucial in their fight for a redistribution of employment by reducing weekly working hours. In 1986, the 36-hour week will have to be effected, including concrete plans for employing new, additional staff to fill the hours relinquished by the original staff. Until now, this has not yet been the case. Further delay may give rise to the (dangerous) idea that a redistribution of work does not lead to more employment. That the reduction in working hours in whatever form had indeed not yet resulted in more employment up till mid 1985, was later borne out by research of the Ministry of Social Affairs and Employment in September 1985 (SIB 7, 1985: 148, 149; SIB 9, 1985: 193; SIB 6, 1986: 18).

1985					
Government strategy	IV	III	I	IV	I
Trade unions style	B	B	A	A	B
Employers' organisations style	B	B	B	B	B
Combined style social partners	B	B	A	A	B
Outcome	IB				

The government implements its own policy with regard to aspects of incomes policy. Central negotiations between the three actors involved do not result in any tripartite agreement. Decentral negotiations are characterised by strikes and other conflicts organised by the trade unions to redress at least part of the government's policy package. Despite repeated threats, the government does not intervene in these negotiations, although trade unions succeed in redressing the effect of part of the government's policy package. On the issue of working hours, however, employers are able to withstand unions' demand for a 36-hour week in 1986.

1986

The Lubbers I (CDA-VVD) government's agenda for 1986 is a continuation of stiff budget cuts to reduce the budget deficit further. Employees in the (semi-) public sector face a reduction of 2,000 million guilders. The minimum wage and social security benefits are again not indexed to price hikes. That saves another 1,800 million. The inseting economic recovery has to be boosted primarily by the continuation of the government's policy to reduce public spending and the budget deficit. Government sees no use for further large reductions in costs for employers. Consequently, some of these subsidies will be terminated. For the government, consultations with trade unions and employers organisations must focus on two issues: labour market bottlenecks and long-term unemployment (SIB 8, 1985: 169; SIB 9, 1985: 182-184; SIB 10, 1985: 209, 219, 220).

Trade unions position their agenda for 1986 in connection with the coming general elections in that year and publish their agendas for the whole period 1986-1990 in which a new government will be in charge. Their main points for the period include a 32-hour working week in 1990 and solidarity between people at work and people living on benefits, and between people working in the market sector and people employed in the (semi-) public sector. The budget deficit has to be reduced, but only in line with economic growth. Government's policy should increase spending in the domestic market sector of the economy. And as an employer, government should also reduce working hours in the (semi-) public sector (SIB 2, 1985: 37, 38; SIB 5, 1985: 104).

For 1986 specifically, trade unions go for a 36-hour week in the market sector. In the (semi-) public sector a 37-hour week in 1986 and a 36-hour week in 1987 is demanded. On top of that, the FNV demands a 1.5% wage rise, which can also be utilised for a further reduction in working hours, or can even be increased if employers refuse any further reduction. The CNV refrains from wage demands on the central level. That is left to branch and industry unions (SIB 7, 1985: 148, 149; SIB 11, 1985: 244, 245).

Like the trade unions, employers' organisations position their agenda for 1986 as part of their agenda for the new government's period 1986-1990. Their main points are the continuation of the reduction of the (semi-) public sector to reduce the budget deficit, lower taxes and social security premiums for employers and employees, and a moderate and differentiated development in the costs of wages and other terms of employment. Redistribution of work (Wassenaar) should be left to the branches, industries, and individual firms. It should definitely not be collectively imposed. The same should apply to decentral negotiations on wages and other terms of employment (SIB 5, 1985: 104, 105; SIB 10, 1985: 219, 220; SIB 11, 1985: 244).

For 1986 specifically, employers' organisations demand a 2,000 million guilder reduction of costs for employers, part of which can be used to maintain buying

power of employees in the market sector (SIB 4, 1985: 78).

Both trade unions and employers' organisations are disappointed with the government's 1986 budget. Trade unions disagree with the government on all issues regarding unemployment, government investment, reduction of working hours, and the focus of cuts on (semi-) public sector employees and social security benefits. More government investment and a further reduction of working hours in the (semi-) public sector should in their view, tackle unemployment. And again, employees in the (semi-) public sector and people living on social security benefits bear the brunt of most budget cuts (SIB 9, 1985: 183, 184).

Employers organisations are disappointed over the, in their view, meagre reduction of costs for them in 1986 and fear that they will even face an increase in costs in 1987. Employers' organisations do, however, favour the government's general agenda of reducing the (semi-) public sector and the budget deficit (SIB 9, 1985: 182, 183).

For the tripartite consultations on November 29, 1985, the government sets the agenda: furthering employment and combating unemployment. All three parties involved agree that the policy to further economic growth, redistribute employment and solve labour market bottlenecks (Wassenaar) should be continued. To that effect, four working parties will report on possible solutions for education and training within industry, the long-term unemployed, youth unemployment and better information on the actual number of unemployed (SIB 11, 1985: 232)⁸³.

In the mean time, decentralised negotiations on wages and other terms of employment are taking place in the market sector. Already in an early stage, the FNV announces that the 36-hour week is not an issue for massive labour conflicts (SIB 2, 1986: 17). Consequently, the FNV, but also the CNV, are left out of negotiations in some firms and industries where employers conclude separate contracts with the MHP. These contracts do not include any further reduction in weekly working hours (SIB 3, 1986: 11-14). Also in manufacturing industry, employers refuse a 36-hour working week. They prefer early retirement, part time jobs and on-the-job-training for young people. In response, the FNV initially refuses to sign the reports on education and training, and long-term unemployment on which agreement had been reached in the respective working parties on the central level (SIB 3, 1986: 11, 12).

However, in May 1986, government, trade unions and employers' organisations agree in the STAR to set a common goal of less than 500,000 people to be

83. After 'Wassenaar', government has refrained from direct intervention in wages or wage levels in the market sector. In 1986, the 1970 Law on Wage Formation is amended. As of 1987, only one 'legitimate reason for government intervention in the formation of wages' in the market sector remains, and that is 'a national emergency, caused by 'external factors' (Korver 1993: 394).

unemployed in 1990. This has to be reached by a variety of measures as mentioned in the final four reports on education and training (bipartite), long-term unemployment (tripartite), youth unemployment (bipartite), and unemployment figures and statistics (tripartite). The national organisations of trade unions and employers call upon their affiliates to use these reports in the negotiations on the branch and industry levels (SIB 4, 1986: 1, 2, 10-14).

Eventually, trade unions have to accept that the 36-hour week will not be reached in 1986, which makes the prospect of a 32-hour week in 1990 unfeasible. Nevertheless, most contracts in manufacturing industry concluded in 1986 cover two years, instead of one (SIB 5, 1986: 18; CNV Annual Report 1987: 24). Employers' organisations conclude that the outcomes of the 1985 and 1986 negotiations are completely in line with the Wassenaar Agreement. Some collective contracts already have recommendations and measures with regard to education and training, youth unemployment and the long-term unemployed (SIB 6, 1986: 18).

1986	
Government strategy	I
Trade unions style	A
Employers' organisations style	A
Combined style social partners	A
Outcome	IA

On the central level, the government succeeds in getting trade unions and employers' organisations to come to an agreement amongst themselves and with the government on aspects regarding (un)employment. On the decentral level negotiations on incomes policy are characterised by conflicts over working hours. Employers' organisations determine the outcome. The government determines incomes policy in the (semi-) public sector.

1987

After the general elections early 1986, CDA and VVD continue their coalition government in Lubbers II. The main point of their policy platform 1986-1990 is to combat unemployment. To that effect, the government will further the economic recovery, and continue to reduce government spending and the budget deficit. In this effort, government seeks to work closely together with social partners and aims at a Central Agreement or understanding regarding the main issues of socio-economic policy for the coming period (SIB 7, 1986: 7-9; SIB 9, 1986: 11, 12; Roebroek and Hertogh 1998: 396).

As the Lubbers II government prepares the 1987 budget, it turns out that revenues from natural gas will drop dramatically in 1987. This induces the government to implement further cuts in expenditure, and impose higher taxes and

other revenues. Notwithstanding these emergency measures, the budget deficit will rise again in 1987 (SIB 9, 1986: 11, 12). The minimum wage and social security benefits will again not be indexed to higher prices (SIB 8, 1986: 8; SIB 9, 1986: 1; SIB 11, 1986: 9; SIB 12, 1986: 15).

Trade unions agree with the central issue of the government: bringing down unemployment. They are, however, sceptical whether that goal can be reached with the proposed policy platform. And they criticise the government's continuation of cuts in the (semi-) public sector, including benefits, as opposed to the market sector. A general agreement or understanding with the government is only possible if major policy changes are effected (SIB 7, 1986: 8-10; SIB 9, 1986: 12, 13). With regard to the actual budget for 1987, trade unions acknowledge the need for further cuts due to reduced revenues from natural gas. They oppose, however, the proposed cuts for their adverse effects on employment and argue instead for higher taxation and other revenues from companies and citizens (SIB 9, 1986: 12).

Unions' agendas for 1987 differ. The FNV continues its campaign for the 36-hour week. The CNV brings up a new issue: 'investment wages' (*investeringsloon*), some form of wage rises to be paid into temporarily blocked accounts. This would enable trade unions to differentiate demands according to the profitability of companies, without any negative knock-on effects on benefits, pensions, inflation and the like (SIB 9, 1986: 11, 15).

Employers' organisations also agree with what they see as the central policy issue of the government: a further reduction of government spending to reduce the budget deficit (SIB 7, 1986: 9, 10). But they are critical about the actual budget for 1987, which will bring substantial extra costs for them (SIB 9, 1986: 12). Employers' organisations are also hesitant about the Central Agreement the government proposes. They favour decentralised negotiations and solutions on the basis of the four reports agreed upon in May 1986 (SIB 9, 1986: 13).

Tripartite consultations on October 31, 1986 do not lead to some sort of Central Agreement on jobs before income, as the government had hoped for. However, parties do agree on continuing the measures against unemployment which were proposed in May 1986 (SIB 10, 1986: 1, 2). But even on these issues, agreement is hard to reach. Employers' organisations refuse to discuss terms for part time work as long as the FNV insists on a legal arrangement for trade union activities within companies (SIB 11, 1986: 14; SIB 12, 1986: 14). Trade unions and employers' organisations are also at loggerheads regarding the minimum wage and the holiday allowance.⁸⁴ Employers oppose any extra rise, whilst trade unions

84. Apart from the bi-annual indexation of the minimum wage and social security benefits required by law (which was stopped since July 1st, 1983), the law on the minimum wage and the minimum holiday allowance also asks for a review every three years to see if there is a need for an extra rise of the minimum wage and the minimum holiday allowance.

want an extra rise (SIB 12, 1986: 1-3). As central negotiations bog down, decentral negotiations continue, both in the market sector and in the (semi-) public sector (SIB 12, 1986: 15; SIB 1, 1987: 15).

Early 1987, the government proposes new talks to resume the consultations which were broken off in October 1986. All parties have their doubts whether renewed talks will lead to results. Trade unions want more jobs and higher social security benefits if they are to accept a 'moderate' development of wages and other costs related to terms of employment. Employers' organisations on the other hand want lower wage costs (SIB 1, 1987: 13).

Finally, in June 1987, central tripartite consultations resume. The outcome is a confirmation of previous agreements in the STAR, and their continued application on the levels of branches, industries and companies. Parties agree to a moderate development of wages and other costs, to facilitate decentral agreements in order to reduce unemployment. No central guidelines as to the appropriate means will be issued. That will be left to the organisations on the decentral level.

In return, government pledges to do its best - within given financial constraints - to ensure that the (semi-) public sector will be treated equal to the market sector with respect to wages and benefits. Government also pledges to ensure that its other policies will further and support the moderate wage and cost development in the market sector as much as possible. Lastly, government pledges to try and boost economic recovery by investment in the infrastructure.

The original working parties - youth unemployment, education and training, long-term unemployment, and employment figures - will continue their work. To show the government's involvement, all working parties will be tripartite from now on. Their reports will serve as inputs for the 1988 budget (SIB 6, 1987: 1, 2). Decentral negotiations on collective contracts cover some 40% of the workforce, as many contracts concluded in 1986 cover two years. Negotiations are tough. A redistribution of work by reducing working hours is usually achieved by negotiating an earlier age to qualify for early retirement schemes, and extra days for education and training purposes. Where appropriate, unions do succeed in countering the reduction in social security benefits from 80 to 70% of last earnings (CNV Annual Report 1987: 24, 25; 1988: 31; VNO Sociaal Economische Kroniek 1987: 70, 71). Visser and Hemerijck conclude "by 1987 the campaign for shorter working hours was dead" (1997: 104).

1987	
Government strategy	III
Trade unions style	B
Employers' organisations style	B
Combined style	B
Outcome	IIIB

With some difficulty, government succeeds in getting trade unions and employers' organisations to participate in a tripartite Central Agreement. The agreement is that parties renew their commitment to previous bipartite and tripartite agreements on employment policies. Decentral negotiations progress with some difficulty. Employers' organisations determine the outcome with respect to working hours, while trade unions succeed in countering the reduction in social security benefits from 80 to 70%.

1988

The Lubbers II (CDA, VVD) government's agenda for 1988 includes the repeal of the law which governs the bi-annual indexation of the minimum wage and social security benefits. Since July 1st, 1983 the law has not been applied in order to achieve sufficient cuts in public spending. And the law will also not be applied in 1988. The government proposes to replace the law with a system in which the government can annually decide whether and how the minimum wage and benefits may be adjusted to the general economic situation. As a concession to the trade unions, government is prepared to up child allowances with 6%, and to increase the minimum holiday allowance for people on minimum wages and benefits from 7.5 to 8%. The people worst off will receive an extra one-off payment on top of that. The government also proposes to end the legal minimum wage for 15 to 17 year-olds, as they are usually enrolled in some sort of education scheme at the workplace (SIB 1, 1987: 11; SIB 7, 1987: 12; SIB 10, 1987: 8; SIB 3, 1988: 1, 2, 5-7). The 1988 budget also includes lower taxes on wages and lower social security premiums in order to keep wage costs down. However, investment premiums for companies will be stopped. All in all, government plans to reduce expenditure in 1988 with an additional 4,000 million, on top of the 3,000 million in the policy programme (CNV Annual Report 1988: 28, 29; Queen's Speech 1987; Miljoenennota 1988)

The trade unions' agendas for 1988 differ slightly. Both FNV and CNV want to reduce unemployment, to have equal treatment of workers in the market sector and in the (semi-) public sector, to get extra money for the lowest incomes and for (massive) government investment to create jobs. If those demands can be met, the CNV is prepared to exercise wage moderation. The FNV, however, also want wage rises to increase real buying power of all employees. The FNV especially argues for an active, anti-cyclical government investment policy in infrastructure and the environment, instead of a continuation of budget cuts. Both trade unions criticise the government for not living up to its promise made during the spring consultations in 1987 to try and achieve a comparable development of terms of employment in both the market and the (semi-) public sector - within given financial constraints (FNV Annual Report 1987: 5, 6; 1988: 5, 7, 9; CNV Annual Report 1988: 31, 32).

Trade unions also oppose the government's plans to shelve the law on the minimum wage and the proposal to end the minimum wage for 15 to 17 year-olds (SIB 9, 1987: 11, 12; SIB 10, 1987: 8).

The agenda for 1988 of the employers' organisations aims at a continuation of the reduction of the government's budget deficit, even if that requires additional budget cuts, and at a continuation of the reduction of wage and other costs to support the continuation of wage moderation by the unions. Employers' organisations reject any Central Agreement for 1988 as that will, in their view, only serve as a minimum, and thus create an upward effect on wage costs. Differentiation is the keyword for them. From this perspective, employers are critical of the government's budget. Although the proposed cuts in taxation are welcomed, employers feel that expenditure is still not under control. And while buying power for employees will remain stable or even slightly increase, profitability will decrease because of higher wage costs for companies. In 1988 moderation of wages and other terms of employment is required, and government should reduce spending. Employers' organisations do support the government plans with regard to the minimum wage, but only grudgingly agree to the increase in child and holiday allowances, as that will increase their wage costs (SIB 9, 1987: 11; SIB 10, 1987: 8; VNO Annual Report 1987: 6, 12, 16).

The autumn consultations in September 1987 reveal the grave differences of opinion between trade unions and employers' organisations. The issue is the relation between a moderation in wage costs and boosting employment. Parties can not reach an agreement. Intervention by the government ensures that the four working parties will continue their work and issue their final reports. These reports will serve as recommendations for the organisations on the decentral levels. The object is to further employment by taking measures on the company level. This decentralised policy should also include a 'sensible' redistribution of work and a moderate development of wages. In November 1987, the STAR (SIB 9, 1987: 11; SIB 1, 1988: 9) issues the four reports. And in February 1988 the government and the STAR come to an agreement with respect to the law on paid sick leave. Trade unions and employers' organisations get greater responsibilities in the implementation of that law than was originally planned by the government (SIB 2, 1988: 7; SIB 4, 1989: 11).

The negotiations in branches and industries cover some 60% of the workforce in the market sector. The outcome is a minimal rise in wages, no further collective reductions in working hours, and although early retirement schemes are maintained, they are not expanded. Education and training will be intensified, flexible wage systems are introduced in some contracts, but the number of clauses covering the re-employment of the long-term unemployed has not increased (VNO Annual Report 1988: 11, 12; CNV Annual Report 1988: 31, 32).

1988			
Government strategy	II	II	II
Trade unions style	A	C	A
Employers' organisations style	A	C	A
Combined style social partners	A	C	A
Outcome	IIA		

Trade unions and employers' organisations cannot come to a central agreement. The four working parties on employment policies continue their work and issue their reports thanks to government intervention. These reports serve as a basis for decentral negotiations. Decentral contracts are largely determined by employers and only marginally feature aspects of employment policies recommended by the working parties.

1989

The Lubbers II (CDA, VVD) government's agenda for 1989 again includes the delinkage of prices and the minimum wage and benefits. The government also again announces its intention to replace the law governing this indexation with a new law that would allow a more flexible annual adjustment of minimum wage and benefits (SIB 10, 1988: 1, 2). For the autumn consultations with trade unions and employers' organisations the government focuses on (un)employment. Government grants and subsidies are earmarked to create jobs and to get the unemployed back to work. A host of policies is proposed. Ranging from (wage) subsidies for companies employing long-term unemployed to grants for taking on young people in training schemes; from (wage) subsidies for employers taking on people for unskilled labour paying the minimum wage to a modest increase in income for families living on one minimum benefit. Taxes will be cut, and child allowances will increase, to increase or maintain real buying power of workers. And there is some extra money to improve terms of employment for civil servants (SIB 11, 1988: 15, 16; Hoofdpunten van het regeringsbeleid 1989). The trade union's agenda includes equal treatment of employees in the market and the (semi-) public sector, and an equal division of the available financial room for terms of employment over wages, employment, and labour market policies (FNV Annual Report 1988: 5, 7). Trade unions oppose the continuation of the government's policy of de-linking wages and benefits in the (semi-) public sector from wages in the market sector (SIB 10, 1988: 1, 2).

The employers' organisations criticise the government for its growing expenditure and rising budget deficit (VNO Annual Report 1989: 9). Employers' organisations support the government's policy of de-linking the (semi-) public sector from the market sector (SIB 10, 1988: 1, 2).

In October 1988, the government, trade unions and employers' organisations

meet to discuss government's proposals to further employment and reduce unemployment. Parties agree to refer these proposals to the new tripartite Central Board for Employment (Centraal Bestuur Arbeidsvoorzieningen - CBA), heading the new organisation of employment agencies⁸⁵. The aim is to arrive at a concrete plan for action, with recommendations (and financial support by the government) for the affiliates of trade unions and employers' organisations to get the long-term unemployed back into paid work (SIB 11, 1988: 15, 16; SIB 6, 1989: 8).

In a response to a majority SER recommendation to reinstate the linkage between the minimum wage and benefits and wages in the market sector in 1989, the government announces that it plans to use an extra 200 million to prop up buying power of people on minimum wages and benefits in 1989. Employers see this as a concession to trade unions. They themselves had argued for a reduction of the gross minimum wage instead (FNV Annual Report 1988: 7; 1989: 20; CNV Annual Report 1988: 30; VNO Annual Report 1988: 10).

In January 1989, the three parties meet again. This time the issue on the agenda is the fast growing number of people on sick leave and disability benefits. All parties agree that it is indeed an important social problem, that concrete steps have to be taken to stem the inflow of people in these benefits and to further the outflow of people from these benefits into paid jobs. To devise these concrete policies, a tripartite working group is set up. Their brief is to propose measures to reduce absence due to illness, to further the quality of work on the workplace in order to prevent people falling ill, to give employers a financial stake in reducing both the number of people on sick leave and on disability benefits, and to get people on benefits back to paid jobs.

To stress the urgency of the matter, government announces it will introduce compulsory quota if efforts of social partners are not sufficiently successful. The government will also see to it that the proposed law governing the quality of jobs (Arbowet - Arbeidsomstandighedenwet) will come into force in 1990 (SIB 3, 1989: 13, 14).

Eventually, the tripartite talks on the long-term unemployed founder on the demand of the FNV to release people on and just above the minimum wage from the obligation to pay social security premiums (FNV Annual Report 1988: 9). Decentral negotiations result in more clauses in collective contracts on education and training, childcare, and projects for the long-term unemployed. Wages rise moderately. No further collective reduction in working hours is achieved, early retirement schemes are not expanded (VNO Annual Report 1989: 13, 14; FNV Annual Report 1989: 7).

85. For an extensive overview of Dutch labour market and employment policies, see Visser and Hemerijck (1997: 155-179; 1998: 201-226) and Keman and Woldendorp (2000: 219-227).

1989	
Government strategy	II
Trade unions style	B
Employers' organisations style	B
Combined style social partners	B
Outcome	IIB

Despite attempts and offers by the government, central negotiations on employment policies do not result in an agreement. On the issue of sick leave and disability a tripartite working group is started. Decentral negotiations show some effect of the recommendations from the previous working parties on employment.

1990

May 2, 1989: the CDA-VVD government breaks up.

September 6, 1989: general elections.

November 7, 1989: start of the new CDA-PvdA government.

The new Lubbers III (CDA, PvdA) government's agenda for 1990 is largely based on the outgoing government's budget. It includes a reinstatement of the linkage between market and (semi-) public sectors, an increase in child allowances, a targeted maximum wage rise of 2.5% for both sectors, and some 4,000 million in tax cuts (SIB 1, 1990: 16; Startbrief).

The government's policy programme for 1990-1994 aims at economic recovery plus 'social renewal' (sociale vernieuwing). That is getting people (married women, partially disabled, long term unemployed, ethnic minorities) into paid jobs by an active labour market policy (Roebroek and Hertogh 1998: 397).

The agenda of the trade unions for 1990 was derived from their programmes covering the next government's reign 1990-1994. The FNV, in its programme: 'It can be done differently, better', stresses that no government can count on their unconditional support. Support is conditional on the government's policies addressing the union's demands. The FNV demands more government expenditure for the environment, for infrastructure and for education, health- and childcare. It also wants to make up for the arrears incurred by the minimum wage and social security benefits since their indexation to wages in the market sector has been halted from July 1st, 1983. Benefit percentages of last earned wages should be increased from 70 to at least 75%. To that effect, the proposed tax reduction for higher incomes should be halved. The FNV also wants a 35-hour working week in 1994.

The CNV, in its programme 'The future in jobs' also argues for a reduction in working time, but has no preference for any of the possible measures: a shorter working week, part time jobs, early retirement, longer holidays, et cetera. That

should be left to the preferences on the industry and company level. The CNV wants more support for families living on one income. And the benefit percentages of last earned wages should increase to 75% (SIB 8/9, 1989: 1-3).

For 1990 specifically, the FNV demands a 4% wage increase, plus another 2% for employment measures. The CNV refrains from issuing a central wage demand, but agrees that part of the available 'wage room' should be used for employment (SIB 1, 1990: 16; CNV Annual Report 1990: 49-51; FNV Annual Report 1990: 7).

Employers' organisations also announce their programme for 1990-1994: 'Give employers full play in Europe'. Less government expenditure and lower costs for companies is their main demand. Benefits should not be linked unconditionally to wage rises in the market sector. No further reductions in the working week, lower minimum wages and a continuation of wage moderation are next. Government should spend less on subsidies and grants for rents, housing and social services, in exchange for lower taxes. And disability insurance must be reconsidered to stem the influx of claimants (SIB 8/9, 1989: 1-3)

For 1990 specifically employers criticise the reinstated automatic linkage between the market and the (semi-) public sector, and the government's reluctance to continue with budget cuts at the expense of the deficit. Expected economic growth is basically used to pay for the linkage. The slightest economic downturn will therefore increase government expenditure and the budget deficit. The announced average wage rise of 2.5% is much too high (VNO Annual Report 1989: 4, 5, 11-13).

Despite these differences, the autumn consultations on December 1st, 1989 lead to an agreement. The three parties involved issue the so-called 'Gemeenschappelijk Beleidskader' (GBK), or 'Joint Policy Framework'. Its aims are:

- to institute an 'activating labour market policy'⁸⁶;
- reinstating the linkage between wages and benefits in the (semi-) public sector and wages in the market sector as of January 1st, 1990;
- sustaining competitiveness of companies.

To achieve these aims, parties agree that a moderate development of wage costs is essential. And to support that, government will stabilise government expenditure, social security premiums and continue to reduce the deficit. Parties also agree that on the basis of this policy framework, more efforts are needed. Either in the form of concrete agreements on the decentral level, or by further study and recommendations by joint working parties. Subjects to be covered include the

86. This is a concerted effort to get the individual unemployed to accept a job. Not only by subsidies and grants for companies employing the formerly unemployed, or by employment schemes targeted at companies or industries, but by directly approaching the individual unemployed with an offer 'they can't refuse' on pain of benefit reductions.

redistribution of work, education and training, the position of women on the labour market, furthering employment, a competitive market sector, good labour relations and satisfactory labour conditions on the workplace (quality of jobs). These recommendations have to be implemented in collective contracts (SIB 1, 1990: 1, 2, 13, 14; Akkermans 1999: 133; Slomp 2002: 242). Only the MHP distances itself from the GBK as it feels itself 'threatened' by the sacrifices asked from middle and higher ranking staff with regard to wage moderation (SIB 1, 1990: 16).

Decentral negotiations for collective contracts proceed with some difficulty. Employees in the (semi-) public sector demand more than twice as much (6%) as the government is prepared to offer (2.5%). Also in other industries and companies there are problems. In some industries initial wage rises achieved are so high that central trade union officials feel compelled to warn against high wage demands which may undo the re-established link between the (semi-) public sector and the market sector. In other industries negotiations break down and strikes are organised because of tough demands of employers regarding early retirement, overtime and waiting days when on sick leave. This induces the FNV to accuse the VNO of going directly against the GBK (SIB 1, 1990: 16, 17; SIB 2, 1990: 21; SIB 3, 1990: 14-18). A government investigation covering 524 companies that was released in February 1990 seems to support this view. The great majority of employers have until then done nothing with recommendations by the STAR with regard to employment for ethnic minorities, young people and the long-term unemployment. Government stresses that part of the GBK is the agreement of all three parties to closely monitor decentral agreements. Government reiterates its threat to come with compulsory quota, although it still prefers consultations and voluntary agreements (SIB 3, 1990: 26; SIB 7/8, 1990: 28). Trade unions regret that the agreements made in the GBK have not been concrete enough (target numbers) and that employers have not been fully prepared to implement these agreements (SIB 5, 1990: 8). Employers do agree that more should be done with respect to non-wage agreements made in the GBK (SIB 5, 1990: 19). Slomp (2002: 236) concludes: "soon the agreement was a dead letter". In the end, all contracts expired are renewed. Wage rises are slightly above the government's target of 2.5%: between 2.7 and 2.8%, which is considerably lower than the initial union demands of about 4%. But on the other terms of employment trade unions hold their ground, although no further reduction in working hours per week is achieved. Furthermore, in all contracts concluded after the GBK is issued, clauses are included stipulating specific employment measures with respect to the targeted groups: ethnic minorities, young people and the long-term unemployed (SIB 3, 1990: 25, 26; SIB 4, 1990: 18, 19; SIB 5, 1990: 14-19; SIB 7/8, 1990: 28). Employers' organisations insist that this shows that government does not have to go at it alone or impose policies with respect to

childcare, ethnic minorities, or the long-term unemployed (SIB 4, 1990: 4-13; SIB 5, 1990: 8, 19).

Nevertheless, government decides to give the money earmarked for childcare to local authorities instead of to social partners. Both trade unions and employers' organisations protest this decision. In the GBK, the three parties had agreed on further consultations on this issue before any money would be spent. Clauses in collective contracts on childcare are now endangered, as contract parties had anticipated a government subsidy. And the SER had also advised to give the money to social partners, instead of to the local authorities. However, government sticks to its decision and refers social partners to the 700 local authorities for consultation (SIB 4, 1990: 15; SIB 6, 1990: 17).

1990			
Government strategy	III	III	III
Trade unions style	C	A	B
Employers' organisations style	C	A	B
Combined style social partners	C	A	B
Outcome	IIIB		

Tripartite negotiations result in a tripartite Central Agreement. Decentral negotiations are characterised by strikes and other conflicts and end in compromises, based on employment policies recommended by earlier working parties.

1991

The first budget prepared wholly by the Lubbers III government (CDA, PvdA) contains a host of temporary policies aimed at a reduction of government expenditure in 1994 with some 7,000 million guilders. The government announces it will propose structural measures in the spring of 1991, after the SER has advised on socio-economic policies for 1991-1994.

In the mean time, government does not want wage rises to exceed 3%, in order to be able to pay for the renewed linkage between wages, the minimum wage and social security benefits. Unless the coming autumn consultation results in agreements on wage moderation, jobs for (ethnic) minorities, and a reduction of the number of people on sick leave and with disability benefits, government will do away with the 'consensus model' and unilaterally impose socioeconomic policies on trade unions and employers' organisations (SIB 10, 1990: 18; SIB 11, 1990: 26; van Heertum-Lemmen and Wilthagen 1996: 121, 127, 219).

For trade unions, employment is again the central issue on the agenda, combined with the linkage between wages in the market sector and wages and benefits in the (semi-) public sector. Unions are willing to exchange wage moderation for employment by a further reduction in working hours, and to conclude a Central

Agreement with employers to that effect, provided the government actively supports the creation of employment with its policies (SIB 10, 1990: 18, 19). The FNV wants a further reduction in working hours per week to a 35-hour week in 1993. Wage rises should, in their view, not exceed inflation (estimated at about 2.5%) plus the rise in productivity in the various industries. Half of that rise in productivity may be used for employment for (ethnic) minorities or other purposes than wages. Both FNV and CNV warn against high wage rises demanded by their various affiliated unions, which range from 4% (manufacturing, civil servants) to more than 10% (ports) (SIB 11, 1990: 26; SIB 12, 1990: 19; SIB 1, 1991: 14, 15; SIB 2/3, 1991: 23).

Employers' organisations announce they will not exchange wage rises for employment (SIB 7/8, 1990: 24). They flatly refuse a further reduction in working hours and the reinstatement of any form of automatic indexation to prices (SIB 12, 1990: 19).

Autumn consultations in the STAR in October 1990 on the high level of sick leave and disability claimants and unemployment of (ethnic) minorities lead to a joint, tripartite declaration and a unanimous, bipartite report. The joint declaration on sick leave and disability acknowledges the shared responsibility of all three parties to the following package:

- special attention to health and safety measures on the workplace as an item for negotiations on collective contracts;
- special attention for the prevention of absence due to illness on the company level;
- intensified attempts to reintegrate workers on sick leave in the workforce;
- relaxing the rules and regulation to allow people on benefits to (re)start working without prejudicing their rights on benefits (SIB 11, 1990: 23, 24; van Heertum-Lemmen and Wiltshagen 1996: 73-77; 118-144).

The report on reducing the high level of unemployment among (ethnic) minorities forms the basis for a joint policy of trade unions and employers' organisations for 'more work for minorities'. The target is to get 60,000 people from (ethnic) minorities a job within a period of 4-5 years, starting in 1991. Education, training and preventing discriminatory hiring policies are to be the main tools. To that effect companies and employers' organisations will work closely with the regional employment offices (SIB 12, 1990: 14-16).

In response, the government announces it will refrain from any legal measures to compel companies to employ (ethnic) minorities. The government will, however, seek advice from the SER as to legislation, which might support this agreement (SIB 1, 1991: 14; SIB 2/3, 1991: 19; SIB 3, 1992: 1, 2).

On the wage and working hours issue, trade unions and employers' organisations remain in disagreement. Unions want a 4-day working week and offer wage moderation in exchange. Employers do want wage moderation, but are dead set

against any further reduction in working hours or a 4-day working week (SIB 12, 1990: 18).

Decentralised negotiations on these issues take place in the context of a divided recommendation by the SER in January 1991 on socio-economic policies 1991-1994, and the more structural policy programme of budget cuts 1991-1994 proposed by the government in the so-called 'Tussenbalans' of February 1991.

The SER is divided between on the one hand the FNV and CNV, and on the other hand the MHP, employers' organisations and all 'crown members'. FNV and CNV oppose a further reduction in government expenditure, but would rather use expenditure to create jobs. The more people in jobs, the less the budgetary problems of the government. They are also in favour of a net linkage between wages in the market sector and wages and benefits in the (semi-) public sector. The majority in the SER sees it the other way round. Less government expenditure means fewer costs for companies and citizens which gives more room for investment and jobs in the market sector. The linkage between market and (semi-) public sector should not be on a net basis, and there should be ample provision to suspend or delay the linkage if deemed necessary (SIB 7/8, 1990: 1-3, 6, 7; SIB 2/3, 1991: 5-8).

The 'Tussenbalans' increases the reduction in government expenditure 1991-1994 from 7,000 million to 12,800 million guilders. The government pledges to retain the linkage between wages and benefits in the market and the (semi-) public sector, but announces a rise in social security premiums if the rise of wages goes above its target of 3%. Trade unions remain critical: employment is not increased by budget cuts, and the (semi-) public sector again bears the brunt of the reduction in government expenditure. Trade unions differ in their view on the wage moderation demanded by the government. For the FNV wage moderation is conditional on job creation in the market sector by a reduction in weekly working hours. The CNV is in favour of wage moderation, but not under threat of higher social security premiums.

Employers' organisations agree with the CNV: the government's position makes any fruitful co-operation between social partners rather difficult. They find the announced 'punishment' by higher premiums if wage rises come above the prescribed limit 'unacceptable'. At the same time, employers' organisations stress that the announced budget cuts remain insufficient and that other government policies greatly increase costs both for business and citizens, making job creation even more difficult (SIB 2/3, 1991: 26, 27). Consequently, employers' organisations boycott the spring consultations on the preparation of the 1992-budget (SIB 4/5, 1991: 26; Bruggeman and Carmijn 1999: 287-88).

In branches and industries, collective contracts result in an average rise of about 4.7% in the market sector, which is well above the government's target of 3%, but fall short of the demands of some trade unions, which were as high as 10%.

Nevertheless, the government refrains from intervention. There is no significant further reduction of working hours in any form (early retirement, shorter working week, longer holidays, et cetera) (SIB 8, 1992: 22). But almost all contracts contain clauses about reducing sick leave and disability (SIB 6/7, 1991: 32). As to 'more work for minorities', 1991 has been used to set up a machinery to get minorities a job. However, no significant number of people from minorities has actually been employed yet in 1991 (SIB 6/7, 1991: 32).

Employers' organisations conclude that decentral negotiations can lead to very moderate wage rises. Employers' organisations announce they do not want to return to the (old) model of Central Agreements between social partners and government, at least not on this issue (SIB 6/7, 1991: 34).

1991				
Government strategy	IV	III	IV	II
Trade unions style	C	C	B	B
Employers' organisations style	A	C	B	B
Combined style social partners	A	C	B	B
Outcome	IIB			

Under pressure from the government, trade unions and employers' organisations come to an agreement amongst themselves and with the government on sick leave, disability and employment for ethnic minorities. Decentral negotiations on incomes policy result in a higher wage rise than originally stipulated by the government. Despite earlier threats, the government in the end refrains from intervention. Most contracts also include clauses on sick leave and disability, and on employment for ethnic minorities. Neither has yet materialised in any significant reduction or improvement.

1992

Negotiations on incomes policy for 1992 are conducted in the aftermath of the so-called 'disability crisis' between July and October 1991⁸⁷. The crisis starts with a divided recommendation by the SER on sick leave and disability in July 1991. Employers and 'crown members' want to limit disability benefits, both with respect to the percentage of last earnings and duration of the benefit. All three trade unions reject this. Employers, 'crown members', CNV and MHP agree on a much broader definition of suitable employment that people on sick leave or disability benefit have to accept when offered (SIB 6/7, 1991: 1, 13-23; Akkermans 1999: 140-144).

87. See Visser and Hemerijck (1997:117-155; 1998: 159-201) and Roebroek and Hertogh (1998: 373-460) for a detailed reconstruction of social security reforms between 1982 and the mid-1990s.

In response to this divided recommendation, the Lubbers III (CDA, PvdA) government announces it will reduce both the percentage of last earnings and the duration of benefits, broaden the definition of suitable employment and make an exchange between days on sick leave and holiday's compulsory (SIB 6/7, 1991: 1, 15, 33; Roebroek and Hertogh 1998: 397-401; 436-459). Trade unions then start a series of actions, demonstrations and strikes against these proposals (SIB 10/11, 1991: 23). Their actions have some success. Government refrains from reducing the duration of benefits. Instead, the percentage of last earnings is reduced to 70% for the first year on sick leave. After that year people come into disability benefit, and depending on age, the percentage is increased until a maximum of 80%. Existing benefits will not be reduced, but will remain 'frozen' until they are on the same level as new cases. By law, all existing agreements in collective contracts to increase benefit percentages to either 100% (sick leave) or 80% (disability) are suspended by the government. These will have to be renegotiated. Government calls upon employers not to give in to union demands in this respect (SIB 10/11, 1991: 24, 25).

The government's 1992 budget reiterates the above policies. The government's targeted wage rise for 1992 is 3% in both the market and the (semi-) public sector, with an expected inflation of 3.25%. The linkage between the market and the (semi-) public sector will not be fully restored in 1992. That would call for a 3.6% increase (SIB 9, 1991: 12; SIB 10/11, 1991: 4, 31; SIB 3, 1992: 22; SIB 4, 1992: 15).

Trade unions reject the government's policies on three counts. With regard to sick leave and disability, the incomplete linkage between the market and the (semi-) public sector, and the targeted maximum wage increase (SIB 10/11, 1991: 4). The CNV threatens to demand a 5% wage increase across the board now the government has shown to be a completely 'untrustworthy partner'. Because of bleak economic prospects, the FNV is much more moderate in its wage demands: wage rises should at least cover expected inflation (3.5%). Further wage demands will depend on the situation in the various branches and industries. Apart from wages, the FNV demands more jobs, especially for (ethnic) minorities, and compensation for the government's policies with regard to sick leave and disability (SIB 10/11, 1991: 28). All three trade unions hold the government responsible for destroying the existing 'good social climate' by its policies (SIB 10/11, 1991: 31).

Employers' organisations are content with the original government's proposals on sick leave and disability benefits (SIB 6/7, 1991: 15). They are more critical towards the final policies, as these mean an increase in costs for employers if they cannot manage a reduction in sick leave and disability claims among their staff (SIB 10/11, 1991: 24). For 1992 and 1993 employers' organisations announce they will refuse to agree on increasing the legal percentages of last

earnings for disability benefits. Employers praise the ‘realistic’ position taken by the FNV with respect to wages in 1992, but question whether the affiliated branch and industry unions will comply (SIB 10/11, 1991: 26, 28, 30). Employers’ organisations criticise the government for its failure to reduce expenditure and its continuous increase of costs (benefits, rents, premiums, taxes, et cetera). All economic growth expected in 1992 will be needed for extra government expenditure. On top of that, government entertains a very ‘centralistic’ view on wage developments (SIB 10/11, 1991: 31).

The outcome for 1992 is that no autumn consultations between government, trade unions and employers’ organisations take place. Government does not want to budge on its disability policies, trade unions see no perspective for negotiations with the government due to its continued reduction in spending, and employers’ organisations feel that on the one hand government does not go far enough in reducing expenditure, and on the other hand keeps increasing costs for business (and citizens).

In negotiations on the branch and industry level, employers put the financing of the early retirement schemes on the agenda. Costs have doubled in 10 years. Trade unions demand compensation for the government’s policies regarding sick leave and disability. Parties agree that absence due to illness (the first step towards disability) should be reduced (SIB 10/11, 1991: 17, 19, 26; Bruggeman and Carmijn 1999: 287-288; STAR 1995: 98).

In most collective contracts, trade unions succeed in getting compensation for government policies with regard to sick leave and disability, albeit sometimes in exchange for wage rises. This induces the government to publicly criticise employers for undermining its policies to reduce absence due to illness (SIB 3, 1992: 21, 22, 25).

Trade unions also manage to preserve existing schemes for early retirement, and get an average wage rise of around 4.4% in the market sector. Almost no concrete agreements are struck to reduce absence due to illness. The same goes for increased employment for (ethnic) minorities (SIB 5, 1992: 13; SIB 9, 1992: 8; SIB 6, 1993: 9). Despite industrial action, wage rises in the (semi-) public sector do not exceed 3%, the government’s target for 1992 (SIB 6/7, 1992: 12).

1992	
Government strategy	I
Trade unions style	A
Employers’ organisations style	B
Combined style social partners	A
Outcome	IA

Central negotiations on incomes policy do not take place. All parties go their

separate way. Trade unions clash with the government on its policy with regard to disability and sickness. In decentral negotiations trade unions manage to get their way to a large extent.

1993

The Lubbers III (CDA, PvdA) government's main worry for 1993 is the percentage of expected wage rises, based on collective contracts concluded for 1992 and 1993. In the market sector the average wage rise already reaches 5%, covering 30% of employees under collective contracts. In the (semi-) public sector it is 4.5%. This endangers the restored linkage between wages in the private sector, the minimum wage, wages in the (semi-) public sector, and benefits. It also endangers the government's two main policy aims: more jobs and more people at work. Therefore, the government favours a Central Agreement for 1993 to restrict wage rises to a compensation for price rises, in exchange for lower taxes and lower social security premiums. Wage rises in new contracts should not exceed 4%. The linkage of wages and benefits between the market and the (semi-) public sector will be partial, like in 1992. Instead of a 3.8% rise (the average expected wage rise across the board in 1993) the rise in the (semi-) public sector will be restricted to 2.5%, both to keep government expenditure under control and give people on benefits an incentive to find a job (SIB 3, 1992: 25; SIB 4, 1992: 13; SIB 6/7, 1992: 15; SIB 9, 1992: 10, 11; SIB 10, 1992: 8; SIB 11, 1992: 17). The government's policy to reduce absence due to illness (see 1992) will be implemented starting January 1st, 1993 (SIB 11, 1992: 26).

As economic forecasts for 1993 become progressively poorer, the government asks trade unions and employers' organisations to suspend agreed wage rises in existing contracts for 1993 and to refrain from wage rises in new contracts. In effect, government asks both parties to agree to 'freeze' wages in 1993 on the 1992-level. If parties can not agree voluntarily, the government threatens to impose a wage freeze unilaterally (SIB 12, 1992: 14, 15; SIB 1, 1993: 14; Visser and Hemerijck 1997: 106).

Finally, with great difficulty, the government succeeds in striking an internal compromise between CDA and PvdA on the disability issue. Old cases will be left alone (PvdA), but new cases will receive 70% of last earnings (instead of 80%) for a maximum of three years (instead of until retirement) and then a lower benefit until retirement, depending on age and other criteria (CDA) (SIB 3, 1993: 23). FNV and CNV are not averse to a Central Agreement in which wage moderation is exchanged for employment. They differ in appraisal of such an agreement. The FNV wants concrete deals on employment first, before entering into wage negotiations. The FNV is also quite critical of the government's employment policies. These do not create employment, but seek to get the unemployed out of benefits. The CNV is more positive, both on government policies and on central

negotiations. For the CNV a co-ordinated socio-economic policy is impossible without Central Agreement between government and social partners. And to be effective, such an agreement should be struck for at least five years. The MHP does not agree that central negotiations are necessary to ensure wage moderation. That can be left to negotiators on the decentral levels (SIB 5, 1992: 8; SIB 9, 1992: 10, 11; SIB 10, 1992: 15; SIB 11, 1992: 24).

At first, unions do not want to break open existing contracts. But if concrete agreements on employment can be struck, the FNV is willing to consider the possibility (SIB 12, 1992: 12, 15; SIB 3, 1993: 22)

Employers' organisations are initially not in favour of a Central Agreement on wage moderation, employment issues and lower costs for business and citizens (SIB 4, 1992: 13). As economic forecasts worsen, employers also declare their willingness to come to a Central Agreement. For employers' organisations, however, the negotiations should be placed within the context of the EMU⁸⁸, and its consequences for the Dutch 'consultation economy' (*overlegeconomie*). Employers' organisations are positive over the government's 1993 budget, but feel that it is not up to international economic developments that may undermine economic growth (SIB 10, 1992: 14). Although they do not want to interfere in existing contracts for 1993, employers' organisations propose a wage 'pause' in 1993 by extending all expiring contracts with a few months (SIB 12, 1992: 12). Negotiations and consultations take place against a background of steadily worsening economic prospects for 1993. The same goes for the recommendation by the SER on the EMU and its effects on economic developments, socio-economic policy and consultations between social partners and between social partners and the government⁸⁹. The recommendation is unanimous and aims at a joint policy of government, trade unions and employers' organisations to get more people into paid jobs. To that effect, both a reduction in costs imposed by government on business and citizens, and a moderate wage cost development is needed. To achieve these objectives, the 'consultation economy' has to be revitalised (SIB 11, 1992: 1, 13-16; STAR 1995: 18-20). This unanimous recommendation paves the way for a Central Agreement between employers' organisations and trade unions in November 1992, after weeks of negotiations. Eventually, it is the government that makes the agreement possible after negotiations in the end break down on the employers' demand for a three-month wage pause. In the final Central Agreement employers' organisations and trade unions agree to a two-month wage pause by extending collective contracts that expire on

88. In December 1991 in Maastricht, the EU agreed upon the EMU. As of January 1, 1997, for a country to be able to join the EMU, the budget deficit should be 3% or less of GDP, the public debt 60% or less of GDP, and inflation should not exceed the EU-average with more than 1%.

89. SER, *Convergentie en overlegeconomie*. Den Haag, advies 92/15 of 20 November 1992.

January 1st, 1993 (collective contracts expiring on a later date will not be extended). This time will be used to formulate joint policies to further employment and to reduce unemployment. In the mean time, government will take extra fiscal and other measures to prop up buying power of employees. In conjunction with a lower than expected inflation, real buying power in 1993 will increase with 2.5%. The government will also refrain from direct intervention in wages (SIB 12, 1992: 1, 10, 11; SIB 1, 1993: 14; STAR 1995: 17; Akkermans 1999: 147). In November 1992, the SER also unanimously advises the government not to implement the full linkage between wages in the market sector and wages and benefits in the (semi-) public sector (SIB 12, 1992: 2).

Based on the Central Agreement, in September 1993 the STAR issues guidelines for decentral negotiations. The aim is to keep older employees at work by various devices (a complete reversal of policies since the late 1970s). Existing early retirement schemes in which younger employees pay for the retirement of older colleagues should be changed into schemes in which employees start saving to pay for their early retirement themselves. Retirement in general should become more flexible. People wanting to continue working after the legal retirement age of 65 should be able to do so (SIB 19, 1993: 8).

Negotiations on the branch and industry level focus on the reparation of the effects of government policy regarding sick leave and disability. Employers' organisations and the government reject that reparation. The government even calls on employers' organisations not to give in to union demands and threatens not to make collective contracts containing such clauses binding for the whole industry concerned. However, on the whole, unions manage to get their way, albeit that employees usually have to pay at least part of the price themselves. Only in a few cases explicit arrangements have been made to reduce absence due to illness that involve any pecuniary incentives, positive or negative. The average wage rise in 1993, however, is well below target: 2.6%, compared to an expected rise of around 4%, and slightly lower than inflation (SIB 4, 1993: 17; SIB 5, 1993: 9, 12, 13; SIB 6, 1993: 11-13; SIB 7, 1993: 16, 17; SIB 8/9, 1993: 10, 11; SIB 10, 1993: 10, 11; SIB 12, 1993: 20, 21; Visser and Hemerijck 1997: 106; van den Toren 1996: 57). By the end of 1993, the STAR agreement 'more work for minorities' of 1990, is estimated to have helped some 30,000 of the planned 60,000 people (between 1991 and 1996) to a job (SIB 2, 1995: 20, 21).

1993			
Government strategy	III	IV	III
Trade unions style	B	B	B
Employers' organisations style	B	B	B
Combined style social partners	B	B	B
Outcome	IIIB		

Faced with deteriorating economic prospects, the government finally succeeds in getting trade unions and employers' organisations to come to a bipartite Central Agreement on a wage pause. Decentral contracts involve a trade-off between wage rises and reparation of the effects of the government's policy with regard to sick leave and disability.

1994

To reach its goal of a reduced budget deficit in 1994, the Lubbers III government (CDA, PvdA) faces additional budget cuts of some 8,000 million. Government considers a binding wage measure as well, to keep wages in the market sector in line with de-linked wages and benefits in the (semi-) public sector, in order to preserve as much employment as possible in the face of growing job losses. In its 1994 budget, the government also proposes to freeze the minimum wage and benefits in 1994. The SER is asked for advice on both issues. Simultaneously, the government proposes to scrap the legal obligation to ask for the SER's recommendation (SIB 8/9, 1993: 1, 2, 7, 10, 11; SIB 10, 1993: 12; Visser and Hemerijck 1997: 106, 107).

As an alternative to a binding wage measure, the government also toys with the idea of a 'solidarity pact' with employers' organisations and trade unions. The pact would include no wage rises for a three-year period, to prevent unemployment rising further (SIB 8/9, 1993: 14).

Trade unions reject any government intervention in wages and refuse to break open collective contracts in 1994 to achieve a zero wage rise. They accuse the government of undermining their position, instead of furthering an exchange between wages and employment (SIB 10, 1993: 13). Instead, they propose an employment plan that would require the co-operation of all three parties. Employers should increase company investment, further part time work, and agree to a continuation of the reduction in working hours. Government should support those efforts with fiscal and other policies, and should also implement their own investment programme in infrastructure, R&D, environment and housing, at the expense of a higher deficit. In exchange, unions are willing to accept a loss in buying power, which means no wage rises in real terms (SIB 8/9, 1993: 2, 7, 10, 14, 15; SIB 11, 1993: 10).

For the decentral negotiations, trade unions limit their demands to compensation for price rises, or less, depending on the actual situation in companies and industries. Other demands include a further collective reduction in working hours, and the right for employees to change from full time employment to part time employment if they so wish. All in all, it is left pretty much to branch and industry unions to fill in the package. The overriding objective is (the preservation of) employment (SIB 11, 1993: 8, 10).

Employers' organisations also oppose any binding wage intervention by the

government, and they do not agree to break open existing contracts to implement a wage freeze (SIB 8/9, 1993: 2, 7, 10). Employers' organisations also reject any long-term Central Agreements. They only want to negotiate for 1994, and only with the trade unions (SIB 11, 1993: 10). In effect, employers' organisations want decentral negotiations with the unions restricted to the market sector, and the government to continue its policy of reducing government spending (SIB 10, 1993: 13).

The rejection of binding wage interventions by trade unions and employers' organisations is reflected in the almost unanimous recommendation by the SER against such an intervention. Negotiations should be left to the decentral level of branches and industries, because it is on that level that the most effective trade-offs (or even pay-offs) between wages and other issues can be made. The SER also unanimously advises to freeze the minimum wage and benefits in 1994, although the FNV insists on compensatory measures by the government (SIB 12, 1993: 17). Against the background of a deteriorating economy and pressure from the government, employers' organisations and trade unions manage to come to a Central Agreement in November/December 1993: 'A new direction' ('een nieuwe koers'). The agreement sets the agenda for decentral negotiations in 1994 and following years. In response, the government retracts from its planned intervention (van Heertum-Lemmen and Wilthagen 1996: 219; Akkermans 1999: 148-149; Visser 1999: 289; Slomp 2002: 237).

The aim of the agreement is to contribute to a restoration of profitability of business and to increase employment, both in terms of the number of jobs and the number of people in jobs. The room for actual wage rises will depend on the situation in the branches and industries, and should preferably be used to increase employment. Employers' organisations give up their resistance to collective reductions in working hours, trade unions agree to a further decentralisation, differentiation and flexibilisation of the terms of employment (Visser and Hemerijck 1997: 107-08; van den Toren 1996: 58).

As to wage rises already agreed to in existing contracts, parties are suggested to use those for other issues, like:

- part time work and flexible working patterns during people's working lives (STAR report September 1993);
- education and training;
- creating jobs for the long term unemployed and the partially handicapped;
- keeping older employees at work (STAR report June 1993);
- reducing absence due to illness (STAR report November 1991) (SIB 12, 1993: 1, 11-14; SIB 1, 1994: 5, 14; Bruggeman and Carmijn 1999: 288-89; STAR 1995: 76-79; 111-121; van Heertum-Lemmen and Wilthagen 1996: 77-80; 144-168).

Decentral negotiations proceed on the basis of the Central Agreement. Wage

risers in the market sector are minimal, but most contracts contain clauses on blocked, tax-free savings accounts that are introduced by the government to make wage moderation more feasible. Wages in the (semi-) public sector remain frozen (SIB 7, 1994: 19; SIB 8/9, 1994: 9; SIB 10, 1994: 17; Visser and Hemerijck 1997: 108).

1994		
Government strategy	IV	II
Trade unions style	C	C
Employers' organisations style	A	C
Combined style social partners	A	C
Outcome	IIC	

Pressure by the government, combined with economic difficulties, brings trade unions and employers' organisations to conclude a bipartite Central Agreement. Decentral negotiations proceed on the basis of this agreement.

1995

Negotiations for 1995 take place against the background of the general elections in May 1994, and the SER's unanimous recommendation on socio-economic policy for the new government's term in March 1994.

Under pressure from its affiliated unions, the FNV distances itself from the originally unanimous recommendation. As a result, all the other parties involved accuse the FNV of damaging the 'consultation economy'. The main bone of contention is that the FNV rejects the continuation of the austerity policy of budget cuts to comply with the EMU criteria of a maximum budget deficit of 3% GDP, and a public debt of not more than 60% of GDP. All other parties in the SER agree that government expenditure should be kept in check. Parties differ on how to achieve that. The employers' organisations and a majority of 'crown members' want to economise on social security benefits. Trade unions and a minority of 'crown members' want to shift taxes and other levies from labour to energy and the environment. All parties agree that the linkage between wages in the market sector and wages and benefits in the (semi-) public sector should not be implemented if wages in the market sector and general unemployment increase above a certain level. Delinking is also seen as an incentive for people on benefits to seek and accept low paid jobs. Long-term unemployment of especially the low and unskilled is identified as one of the two main socio-economic issues for the new government. The other problem is the reform of the whole implementation machinery of social security benefits.

The FNV supports the general direction of the recommended policies, but rejects the recommended extra budget cuts, especially on benefits, and wants to pre-

serve, or rather to restore, the linkage between the market and the (semi-) public sector (SIB 4/5, 1994: 1, 9-16).

A majority in the SER later that year agrees with the government that in 1995 the market and the (semi-) public sector can remain delinked. FNV, and now also CNV, disagree, because they do not foresee excessive wage rises, nor an alarming increase in the number of unemployed (SIB 12, 1994: 20).

The agenda of the new, 'purple' government Kok I (PvdA, D66, VVD) is as far as financial and socio-economic policies are concerned directed by the EMU criteria. For 1995 the agenda includes a number of items. Firstly, delinkage of wages and benefits in the market and (semi-) public sectors. Secondly, budget cuts of some 4,500 million, including lower taxes, premiums and other levies. Thirdly, a proposal for a complete overhaul of sick leave and disability benefits. And fourthly, tougher criteria for unemployment benefits. In general, it will be more difficult to get benefits, the duration of benefits will be shorter, and benefits will not be indexed to inflation.

To increase employment (the new government's motto is 'jobs, jobs, jobs' (werk, werk, werk)), the government wants wage moderation. In return, it offers reductions in taxes and premiums, plus an employment policy to create 40,000 'additional' jobs for the long-term unemployed⁹⁰. Social partners are asked to include pay scales for low paid jobs in their collective contracts under pain of not declaring these contracts binding for the whole sector or industry (SIB 10, 1994: 2, 8, 9; SIB 11, 1994: 14; SIB 12, 1994: 22; SIB 3, 1995: 28).

The trade unions' agenda for 1995 is quite moderate. Unions set a general wage rise of around 2.5%, which will be just over expected inflation. In sectors and industries which are doing well, unions have additional financial demands, like blocked saving accounts, extra holidays, and the like (SIB 11, 1994: 12).

Employers' organisations aim at differentiation in 1995. No collective (de)central agreements on wages, working hours, and so on. The companies should be the focus of negotiations, as was agreed in the 1994 agreement 'A new direction'. Those companies that are doing well can afford (large) wage rises and also a reduction in working hours, but on an individual basis, not across the board (SIB 12, 1994: 22).

The issues during the autumn consultations are (un)employment and wage moderation. Trade unions are only prepared to continue their policy of wage moderation if more new jobs are created. The 40,000 'additional' jobs offered by the government do help, but are not sufficient. More part time jobs and a redistri-

90. 'Additional' jobs are jobs subsidised by the government that are 'necessary', but for various reasons not fulfilled. The single most important reason being that wage and other labour costs are too high to make it profitable for employers to hire people for these activities (see Visser and Hemerijck (1997: 155-179; 1998: 159-201).

bution of work by a further reduction in working hours are needed. Not enough new jobs will mean higher wage demands. The unions declare that for them 1995 will be a crucial year with respect to the exchange of wage moderation for jobs. Employers' organisations are quite happy with the way central consultations have been conducted lately: parties exchange their point of views and come to the shared opinion that unemployment should be decreased. But to effect that, employers maintain that decentralised, differentiated agreements are the best instruments. They reject any collective, across the board wage rises.

The government pledges its commitment to further part time jobs and a redistribution of work by reducing regulations that impede a more flexible labour market, provided that trade unions and employers agree to more low and unskilled jobs in their respective collective contracts. To further that objective, government is prepared to reduce wage costs for employers of those jobs (SIB 11, 1994: 1; SIB 2, 1995: 22; SIB 3, 1995: 30).

Decentral negotiations are characterised by a long duration and a number of conflicts in manufacturing, the building industry, banking and other sectors. One of the main issues is the cost for early retirement schemes. On the whole, trade unions have to accept a redesign of the schemes from a collective annual levy to an individual savings system. Wage rises vary, but do not exceed 2.5%. No significant reduction of working hours is achieved. In the (semi-) public sector, however, wage rises are much lower, in return for a further reduction of working hours per week to a 36-hour week in 1997.

Although more lowly paid jobs are created in collective contracts, government doubts this will be enough to significantly increase the number of those jobs. Government and social partners therefore agree to a joint investigation how to create more of these jobs as input for 1996. Moreover, government announces it plans to use the money earmarked for a reduction of costs for business to create low and unskilled jobs. Both trade unions and employers' organisations agree to this proposal (SIB 4, 1995: 22, 23; SIB 5, 1995: 34, 35; SIB 6, 1995: 6, 22, 23; SIB 7/8, 1995: 22, 23; SIB 9, 1995: 22; SIB 10, 1995: 27; SIB 11, 1995: 11; SIB 12, 1995: 26; SIB 1, 1996: 26; SIB 2, 1996: 27).

1995			
Government strategy	II	II	II
Trade unions style	A	B	A
Employers' organisations style	C	B	A
Combined style social partners	A	B	A
Outcome	IIA		

Central negotiations on (un)employment and wage moderation do not lead to a central agreement, but parties agree to a joint investigation how to create more

jobs as input for 1996. Decentral negotiations on incomes policy are characterised by conflicts and long duration. Trade unions realise their wage demands, but have to accept the re-financing of early retirement schemes.

1996

The Kok I (PvdA, VVD, D66) government's agenda for 1996 includes:

- a restoration of the linkage between market and (semi-) public sector with regard to wages and benefits;
- a continuation of wage moderation;
- the creation of more low and unskilled jobs through collective contracts;
- subsidies for employers employing long-term unemployed;
- privatisation of the costs for sick leave to employers.

Public debt is declining, the budget deficit will go down below 3%, employment is expected to grow with 100,000 jobs (sufficient to absorb new people entering the labour market), and therefore unemployment will not increase (SIB 10, 1995: 14-16).

Trade unions agendas aim at a further reduction in working hours, plus a real rise in wages. The FNV demands a 36-hour week in 1996, preferably in the shape of a 4-day working week. Above the expected 2% inflation, the FNV demands at least a 1% real increase in wages = 3%. The CNV concludes that as in 1995 the exchange of wage moderation for jobs has not resulted in more jobs, wage moderation in 1996 is off the agenda. As the FNV, the CNV demands 3% and a reduction in working hours. In the longer term, the CNV wants to achieve a 4-day working week of 32 hours (SIB 9, 1995: 22; SIB 11, 1995: 18).

Employers' organisations give priority to flexibility of working hours and wages in 1996. Their main objective is to get rid of all special allowances for working overtime, working at night, in the weekends, and on holidays (SIB 7/8, 1995: 22). They do not agree to the government's policy of privatising sick leave benefits (SIB 11, 1995: 16, 19).

Autumn consultations in October 1995 are wholly devoted to long-term unemployment of ethnic minorities. The 1991 agreement on 'more work for minorities' is extended with one year, to include 1996 as well. And trade unions and employers' organisations promise the government to do their utmost to get more people from ethnic minorities a job. In exchange, the government ceases its policy of making collective contracts only provisionally binding. In 1996, parties agree, the STAR will report on the effects of the concerted efforts of unions and employers. With respect to the privatisation of sick leave benefits, the government refers the employers' organisations to parliament that will have the last say on this matter (SIB 11, 1995: 16, 19).

Decentral negotiations proceed with few problems, except at Philips. On the whole, wage rises are about 3%. However, no significant reductions in working

hours are achieved, although employers' organisations did halt their central coordination of this issue (Visser and Hemerijck 1997: 108). On the other hand, no significant reduction in special allowances for working odd hours, as employers insisted upon, is achieved either. Trade unions do succeed in getting a better deal for 'flex workers' by the STAR agreement on 'flexibility and security' (SIB 5, 1996: 3-5). And most collective contracts include at least some clauses referring to lower pay scales for low and unskilled jobs. But not enough to the government's liking. Unions and employers are advised that unless more of those jobs are created, parties may see their contracts not made binding (SIB 1, 1997: 27; SIB 3, 1996: 26; SIB 4, 1996: 26; SIB 5, 1996: 28, 29; SIB 6, 1996: 26; SIB 7/8, 1996: 24).

1996			
Government strategy	II	II	II
Trade unions style	B	C	B
Employers' organisations style	B	C	B
Combined style social partners	B	C	B
Outcome	IIB		

Central negotiations are about the long-term unemployment of ethnic minorities. The 1991 bipartite agreement is extended for another year. In exchange, the government ceases its policy of making collective contracts only provisionally binding. Decentral bargaining on incomes policy results in compromises.

1997

The Kok I (PvdA, VVD, D66) government's agenda for 1997 includes the linkage between market and (semi-) public sectors, plus a tax reduction of 1,000 million targeted especially at lower incomes derived from paid work to further employment in low paid jobs and increase the financial difference between low paid jobs and benefits. Although social security premiums will bring in an additional 4,500 million to top up depleted reserves, this will have no negative effects on either buying power or jobs. The EMU deficit will be 2.2% (Miljoenennota 1997).

The agendas of trade unions differ only slightly. The FNV assumes a total 'negotiation space' of 3.5-4%. Their maximum wage demand is 3%. This leaves a maximum of 1% for 'good causes' like education and training, fighting age discrimination, more security for flex workers, and employment agreements targeted at the long-term unemployed. The 36-hour working week is also still on the agenda. For the CNV the 'good causes' take priority over wages (FNV Annual Report 1997: 1; CNV Annual Report 1997: 8).

For 1997, employers' organisations again aim at a reduction of special allowances for over time, working late, and working in weekends and on holidays. A re-

duction in working hours will only be accepted in combination with proportionally lower wages. In general, employers want more flexibility in working hours and other terms of employment on the company level, as was agreed upon in the 1994 agreement 'A new direction'. And wage rises should not exceed 2.5% (SIB 2, 1997: 22). From government, employers expect deregulation of markets and industrial relations, and a sound budget policy (VNO NCW Annual Report 1996: 8; 1997: 6).

During the autumn consultations in October 1996, trade unions and employers' organisations reach an understanding. Both parties reaffirm the 1994 agreement 'A new direction'. For 1997, parties specifically agree to intensify education and training schemes on the company level, and to get more people from ethnic minorities a job (CNV Annual Report 1996: 15, 16; FNV Annual Report 1997: 4; VNO NCW Annual Report 1996: 41; Slomp 2002: 244).

Decentral negotiations proceed with few difficulties. The average wage rise in the market sector is about 1.8%. The level of payment for low and unskilled jobs is steadily going down to the level of the legal minimum wage. Collective schemes of early retirement are giving way to more flexible and individual schemes, and costs are more and more transferred from employers to workers. Most collective contracts contain clauses referring to 'additional' jobs. But again no significant reduction in working hours per week is achieved. Although theoretically "about half of all full-time employees will move to an average working week of 36 hours in the next year or so" (Visser and Hemerijck 1997: 108), this is usually in the form of a 38-hour working week plus more holidays (SIB 7, 1998: 26; FNV Annual Report 1997: 4).

However, for the government these agreements on jobs for the lower and unskilled are still progressing too slowly. Parties are again warned that if the pace is not stepped up, the government will reconsider its policy with regard to declaring collective contracts binding for whole industries (SIB 1, 1997: 27).

1997			
Government strategy	II	II	II
Trade unions style	B	C	B
Employers' organisations style	B	C	B
Combined style social partners	B	C	B
Outcome	IIB		

Trade unions and employers' organisations re-affirm their commitment to the 1994 bipartite Central Agreement 'A new direction' and the 1991 and 1996 bipartite Central Agreements aimed at getting the long-term unemployed and ethnic minorities a job. Decentral contracts are concluded without much problems, although trade unions are only marginally successful in pressing their demands.

1998

The Kok I (PvdA, VVD, D66) government's agenda for 1998 includes an increase in government spending with some 10,000 million and at the same time a further reduction of the deficit to 1.7%. The government plans to shift financial responsibility for sick leave and disability to employers. Lowering taxes and other costs will create jobs for especially the low paid, unskilled. Although social security premiums are again raised to continue to top up depleted reserves, the negative impact on labour costs is offset by the growing number of people in jobs and the declining number of benefit claimants. The government claims that in general the policy of reducing (labour) costs to further wage moderation has proved to be successful in the past years (Miljoenennota 1998).

For 1998, trade unions demand higher wages, above the expected level of 2% inflation. FNV and MHP issue central figures: 3.75% and 4% respectively. Apart from a real rise in wages, FNV and CNV also want central negotiations and agreements on education and training, and on the rising level of labour intensity in the workplace. The quality of jobs, or health and safety on the workplace, also becomes an issue. For these and other issues another 1-1.25% is targeted by the FNV (SIB 10, 1997: 22; SIB 1, 1998: 34; CNV Annual Report 1997: 14; FNV Annual Report 1998: 13, 17-19).

Employers' organisations reject the total wage cost percentages of 4-5% mentioned by the FNV. Employers fear that demands of that magnitude may easily trigger a veritable 'wave' of excessive wage rises. Employers reiterate their general policy position: lower wage costs by lower taxation and lower social security premiums, flexibilisation of jobs, working hours and wages, and a restrained general incomes policy (SIB 9, 1997: 22; VNO NCW Annual Report 1997: 14). The outcome of central consultations is the agreement between social partners on 'Agenda 2002', a new agenda for contractual negotiations in the coming years. The 1994 agreement 'A new direction' is vindicated, but a new central issue is added: continuous investment in adaptability of companies and employees. The agreement covers a large number of items and aims at

- a modernisation of industrial relations in which market demands on companies have to be harmonised with demands and protection of employees;
- a further decentralisation and differentiation of wages and terms of employment in which the economic profitability of companies, branches and industries is the point of reference;
- a restrained general incomes policy;
- a continuation of declaring collective contracts binding for whole industries (SIB 12, 1997: 23).

The agreement recommends social partners on the decentral levels to conclude contracts on issues like education and training, career planning, combining paid work and care, pensions, health and safety on the workplace, older employees,

the long-term unemployed, and labour intensity (STAR Annual Report 1997: 8, 9; Slomp 2002: 238).

The outcome of decentral negotiations shows an average wage rise of about 2.8%, well below original demands. The number of contracts containing clauses on individual arrangements for flexible retirement and saving holidays for early retirement steadily increases (SIB 7/8, 1999: 18).

The FNV concludes that the recommendations of 'Agenda 2002' have not been fully implemented in collective contracts in 1998. To further implementation, the FNV will specifically focus on the issues in the agreement in the coming negotiations on collective contracts in 1999 (FNV Annual Report 1998: 6).

VNO NCW on the other hand sees 'Agenda 2002' as part of a whole series of recent bipartite agreements that signal the success of the STAR. In their view, 'Agenda 2002' is a good mix between wages and other issues. It has to be implemented on the decentral levels. That requires that the government exercises restraint with respect to interference in industrial relations. Legislation can only thwart negotiations and exchange between unions and employers (VNO NCW Annual Report 1997: 17).

1998			
Government strategy	II	II	II
Trade unions style	B	C	B
Employers' organisations style	B	C	B
Combined style social partners	B	C	B
Outcome	IIB		

Trade unions and employers' organisations agree on a new bipartite agenda for contractual negotiations in the coming years ('Agenda 2002'), based on the 1994 bipartite agreement 'A new direction'. Decentral contracts are a trade-off between wages and re-financing of early retirement schemes.

1999

Negotiations for 1999 take place against the background of general elections in May 1998. Trade unions and employers' organisations issue their comprehensive agendas for the next government's term 1998-2002, both separately, and as a recommendation by the SER on socio-economic policies 1998-2002. Social partners recommend the government to continue the success of the consultation economy and to continue to actively involve the SER and the STAR in economic decision making in order to increase the legitimacy of socio-economic policy. The involvement of social partners is also conditional for good labour relations and an efficient transformation of central policies to the decentral levels. Therefore, the policy of declaring collective contracts legally binding for the whole

sector or industry should not be abolished. The SER regards this policy as one of the cornerstones of the highly effective consultation model. And without it, Central Agreements in the STAR like 'A new direction' or 'Agenda 2002' are meaningless. The new government's policy platform should also adhere to the recent recommendations by the SER, and should incorporate the continued involvement of employers' organisations and trade unions in the implementation of social security benefits (SIB 6, 1998: 9, 10).

With respect to incomes policy, the SER recommends to continue the differentiated and moderate developments in wage costs, and to allow for more flexibility in both (the level of) wages and (the amount of) working hours. Special attention should be devoted to keep older employees at work, to get more people from subsidised, 'additional' jobs into 'real' jobs, and to get more people from unemployment and welfare benefits into a job, 'additional' or 'real' (SIB 5, 1998: 17-20). The new government Kok II is a continuation of the 'purple' coalition of PvdA, VVD and D66. Its policy platform includes the continuation of the previous government's (un)employment policies. But pressure on social partners, especially on employers' organisations is stepped up by the announcement of two new laws. These will give employees a legal right to use a specific number of days per year to take care of dependants, and to opt for part time work (Regeerakkoord 1998). The government's agenda for 1999 aims at more jobs, a continued linkage of market and (semi-) public sectors, and a dynamic and sustainable economy. To that effect, government expects social partners to implement a restrained incomes policy, aimed at differentiation and flexibility in wages, and to focus specifically on education and training. In turn, the government will implement an active labour market policy, reduce costs for employees, and continue to make it more profitable for people on benefits to get low paid jobs and to keep older employees at work. For employers, the government plans to reduce the number of obsolete regulations (Miljoenennota 1999).

Trade unions issue different central figures for demanded wage rises. The FNV demands 3.5% across the board. The CNV gives an 'indication' of 3.25% from which affiliated unions may differ in both directions provided they can argue their case. The MHP declines to issue a central demand, but announces that 3% should be sufficient. Apart from the wage rises, both FNV and CNV also demand central negotiations on labour intensity, education and training, and all forms of temporary, sabbatical and other paid and unpaid leaves. The FNV also demands a 4-day, 36-hour working week (SIB 10, 1998: 22; SIB 11, 1998: 26; FNV Annual Report 1999: 4).

Employers' organisations foresee declining economic growth in 1999. They announce that a 2% wage rise is enough. Their other main issue is more flexibility in the labour market. Hiring, firing and paying should become both easier and more differentiated (SIB 11, 1998: 26; SIB 1, 1999: 22).

Central consultations in October 1998 consist of an exchange of views on the new, continued 'purple' government's policy platform, the general economic situation and the socio-economic agenda for 1999. In November 1998, government asks trade unions to exercise moderation in their wage demands since economic forecasts for 1999 become more and more pessimistic (SIB 12, 1998: 22). In December 1998 talks continue, based on a series of working papers on:

- labour market policy;
- policy towards older employees;
- agreements on health and safety on the workplace;
- education and training;
- getting the unemployed on the labour market.

Trade unions, employers' organisations and the government conclude a series of agreements on these issues for implementation on the decentral level and agree to continue their deliberations on their differences of opinion on social security reform (SIB 10, 1998: 21; CNV Annual Report 1998: 17). All issues are finally wrapped up in the Spring consultations in June 1999. As economic growth turns out to be higher than expected, although mainly based on consumption and not on exports, wages are not a big issue. Government and social partners agree that more attention should be paid to:

- the erosion of profits;
- the deterioration of competitiveness, and;
- the declining growth of employment.

Agreements are struck for 1999 and 2000, concerning a number of issues:

- the shortage of qualified staff - social partners will be included in any government policy to redress that problem;
- European employment policy - Europe will become a standing item on the agenda of consultation between government, trade unions and employers' organisations;
- childcare - the number of places will be increased considerably by the government; the STAR will include the issue in its guidelines for decentral collective negotiations;
- training for the long-term unemployed - government and social partners will jointly provide sufficient training positions;
- employability - in 1998, government and social partners agreed upon a 10-point programme; by the end of 1999 and evaluation will have to show the results;
- reintegration of people on disability benefits - the 1998 tripartite action programme on this issue is reaffirmed;
- ethnic minorities - the government's policy is aimed at halving the difference in unemployment levels between the ethnic minorities and the Dutch; social partners must contribute; employers by complying to the law registering how many people from ethnic minorities companies employ and trade unions by encouraging their representatives in the works councils to take initiatives in

this matter (SIB 6, 1999: 25; SIB 7/8, 1999: 16).

Decentral negotiations proceed with some minor difficulties, especially in the market sector. The average wage rise is some 2.7%. The number of contracts containing clauses on individual arrangements for flexible retirement and holidays steadily increases (SIB 7/8, 199: 18). Trade unions and employers' organisations are satisfied with the results, although they agree that implementation of the more qualitative aspects of the 'Agenda 2002' are still lagging somewhat behind (FNV Annual Report 1999: 9; VNO NCW Annual Report 1999: 2; STAR Annual Report 1999: 7).

1999		
Government strategy	III	III
Trade unions style	B	C
Employers' organisations style	B	C
Combined style social partners	B	C
Outcome	IIIC	

Trade unions and employers' organisations conclude a series of Central Agreements with each other and with the government. These are both a re-affirmation of previous bipartite and tripartite agreements, and the adoption of new policy issues like childcare for negotiations on incomes policy. Decentral negotiations proceed on the basis of these agreements and result in compromises with which both parties are satisfied.

2000

The Kok II (PvdA, VVD, D66) government's agenda for 2000 includes lower taxes and higher child allowances to increase buying power of the lowest income groups. Therefore, government welcomes the unanimous recommendation of the SER not to increase the legal minimum wage (SIB 9, 1999: 16/17; SIB 12, 1999: 19). Government pledges to continue its policy of lowering taxes and other costs to further a moderate incomes policy. The bottlenecks in the labour market are still the large number of long-term unemployed and the high unemployment among ethnic minorities. Government wants to continue to tackle these issues together with social partners. Government also proposes to take over the whole system of implementing social security benefits from employers' organisations and trade unions, in order to be able to activate the long-term unemployed and people on disability benefits (SIB 3, 2000: 15, 16; Miljoenennota 2000).

Trade unions' agendas hardly differ. The FNV does not issue a central figure for wage rises. Contracts already concluded for 2000 show an average wage rise of some 3%. For new contracts, the FNV states, the figure will certainly be not lower. However, the FNV wants to concentrate on the combination of paid work

and care, or private life in general. Child care has to be doubled, possibilities for paid and unpaid leave greatly improved, and workers should get a much greater say in working hours. For these issues, the FNV plans to use another 1.5%. The CNV issues an 'indicative' figure for wage rises of 3%, which is, however, not a central demand. The CNV also will focus on issues like work and care, labour intensity, employability, and jobs for minorities (FNV Annual Report 1999: 4; CNV Annual Report 1999: 16).

Employers' organisations insist on a continuation of wage moderation, flexibilisation of the labour market, reorganisation of government finances, increasing employment ratios, improving and modernising infrastructure, and modernisation of social security. Any attempts by the government to legally impose the possibility for workers to obtain paid or unpaid leave to care for dependants is rejected (SIB 2, 2000: 11; VNO NCW Annual Report 1999: 12).

On the central level, the government sees consultations more and more as a possibility for parties to inform each other of their views. Negotiations on wages and other terms of employment take place on the decentral levels of branches, industries and companies. Government trusts that trade unions and employers' organisations will agree to a responsible incomes policy in 2000, and refrains from making its customary appeal for wage moderation (SIB 11, 1999: 3, 18).

However, at the end of 1999, employers' organisations and trade unions halt further consultations with the government in response to the government's plans to oust social partners from the new organisation to implement social security benefits. Especially trade unions reject these plans, but employers' organisations express their solidarity with the unions' views. In the end, relations are patched up again with a compromise: the existing organisations that implement social security benefits are to be reorganised into one new agency, but trade unions and employers' organisations remain involved in the implementation of benefits in an advisory capacity (SIB 2, 2000: 10; SIB 3, 2000: 15, 16).

Decentral negotiations proceed without much difficulty as the economy is booming. During the spring consultation of 21 June 2000, the government concludes that present wage rises are within reasonable limits. However, competitiveness of companies may be jeopardised in the long run, if wage increases are not moderated. Average wage increases near the 4%, with a 2% inflation rate (SIB 7/8, 2000: 26).

2000	
Government strategy	II
Trade unions style	B
Employers' organisations style	B
Combined style social partners	B
Outcome	IIB

On the central level, contacts between the government and trade unions and employers' organisations can be characterised as consultations in which points of view are exchanged. Negotiations take place on the decentral level and proceed without much difficulty as the economy is booming and government policy boosts buying power of the lower paid.

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Samenvatting

*Het Polder Model: Van Ziekte naar Mirakel?
Nederlands neo-corporatisme 1965-2000*

1. Inleiding

In de Nederlandse en internationaal vergelijkende discussie over neo-corporatisme neemt het geval Nederland al jaren een prominente plaats in. Eerst als voorbeeldig en effectief model van neo-corporatisme gebaseerd op een geleide loonpolitiek in de jaren vijftig. Vervolgens als een even voorbeeldig maar uiteindelijk volledig ineffectief model van neo-corporatisme gebaseerd op een vrije loonpolitiek in de jaren zeventig en tachtig, dat internationaal bekendheid kreeg onder de noemer ‘Dutch Disease’, of ‘Nederlandse ziekte’. En ten slotte weer als een voorbeeldig en effectief model van neo-corporatisme in de jaren negentig: het ‘Polder Model’ dat een ‘economisch mirakel’ tot gevolg had.

Recent is echter gebleken dat het ‘economisch mirakel’ toch niet houdbaar was, ondanks het veelgeprezen ‘Polder Model’. De economische groei kwam tot stilstand in 2002 en werd vervolgens negatief in 2003. De werkloosheid en het financieringstekort namen weer sterk toe. Met het toenemen van de economische problemen nam ook de kritiek op het ‘Polder Model’ toe.

De veranderende waardering van het geval Nederland vormt de achtergrond voor deze studie naar het neo-corporatisme in Nederland tussen 1965 en 2000. De veranderende waardering van het geval Nederland is mijns inziens een gevolg van de matige toepasbaarheid van de gangbare concepten van neo-corporatisme op de veranderingen en ontwikkelingen in Nederland. Meestal leidt het toepassen van deze concepten op het geval Nederland tot niet meer dan een beschrijving van de historische ontwikkelingen van het neo-corporatisme in Nederland, in plaats van een verklaring van die ontwikkelingen.

Mijn invalshoek voor onderzoek naar en vergelijking van Nederland is gebaseerd op een andere, meer op actoren gericht concept van neo-corporatisme als een regeringsstrategie van conflictregulering. Dat concept wordt in mijn onderzoek gebruikt om het Nederlandse inkomensbeleid te verklaren als de uitkomst van een proces van onderhandelingen tussen vak- en ondernemersorganisaties, en tussen

de sociale partners en de regering.

Het eerste doel van mijn onderzoek was derhalve vast te stellen of deze benadering van neo-corporatisme als een regeringsstrategie inderdaad in staat was een plausibele verklaring te geven van het Nederlandse inkomensbeleid tussen 1965 en 2000. Vandaar de eerste onderzoeksvraag:

1. *Kan neo-corporatisme, gedefinieerd als een regeringsstrategie van conflictregulering een plausibele verklaring geven voor de vorming en uitvoering van het Nederlandse inkomensbeleid tussen 1965 en 2000?*

Het volgende doel van het onderzoek was vast te stellen of het Nederlandse inkomensbeleid tussen 1965 en 2000 - als de gezamenlijke uitkomst van onderhandelingen tussen vakbonden, ondernemersorganisaties en de regering - ook effectief was, dat wil zeggen of het inkomensbeleid ook oplevert wat de betrokken actoren wilden bereiken. Vandaar de tweede onderzoeksvraag:

2. *Was het Nederlandse inkomensbeleid tussen 1965 en 2000 effectief in termen van de agenda's van de betrokken actoren?*

2. Neo-corporatisme als regeringsstrategie

Het concept neo-corporatisme als regeringsstrategie van conflictregulering is uitgewerkt op basis van een uitgebreide behandeling van Nederlandse en internationale literatuur over Nederland als een voorbeeld van neo-corporatisme. Mijn belangrijkste bezwaar tegen de meeste conceptualisering van neo-corporatisme in deze literatuur is dat er geen rekening gehouden kan worden met veranderingen. Neo-corporatisme is er, of het is er niet (meer). De mogelijkheid dat neo-corporatisme kan veranderen of in de tijd kan variëren in intensiteit past vaak niet in deze concepten. Evenmin de mogelijkheid dat neo-corporatisme ook meer of minder succesvol kan zijn door de tijd heen. Pas recent wordt daar in onderzoek meer rekening meegehouden.

Essentieel in mijn uitwerking van neo-corporatisme als een regeringsstrategie van conflictregulatie zijn de relatieve autonomie en de wederzijdse instrumentalisering van de betrokken actoren. Vakbonden en ondernemersorganisaties hebben de keuze of ze wel of niet willen samenwerken, met elkaar en met de regering. De regering heeft ook de keuze om een neo-corporatistische strategie te voeren of het inkomensbeleid aan de sociale partners op te leggen. Aan de andere kant zijn de drie actoren ook tot op zekere hoogte afhankelijk van elkaars bereidheid tot samenwerking om de eigen doelen te behalen. Elke actor maakt daarom de eigen samenwerking afhankelijk van de beleidsmatige mogelijkheden in combinatie met de concessies van de andere actoren. Uiteindelijk moet echter de uitkomst van de onderhandelingen goedgekeurd worden door het parlement.

Deze interdependentie van actoren kan mijns inziens het best begrepen worden door een combinatie van de Rationele Keuzebenadering met het Nieuw Institutionalisme: het Rationeel Institutionalisme. De Rationele Keuzebenadering gaat er van uit dat alle actoren een kosten-baten rekening zullen opmaken van de doelen die zij nastreven, in relatie tot de doelen die de andere actoren nastreven. Zo'n kosten-baten rekening gaat er van uit dat de beleidsovereenkomsten omvattend moeten zijn en nul-som uitkomsten moeten vermijden. Een neo-corporatistische regeringsstrategie kan een dergelijke oplossing bevorderen door publieke goederen te leveren - bijvoorbeeld sociale zekerheid - die bindend zijn voor alle partijen, in ruil voor samenwerking die voor allen voordeling zal zijn - bijvoorbeeld macro-economische stabiliteit door loonmatiging.

De Nieuw Institutionalismebenadering wijst op de beperkingen die binnen de instituties aan de acties van de verschillende actoren worden opgelegd, maar ook op de mogelijkheden die instituties bieden voor de acties van de betrokken actoren. Die bewegingsruimte van de actoren is afhankelijk van de stijlen van besluitvorming die actoren binnen de instituties hanteren. Instituties zijn daarmee intermediaire variabelen geworden waarbinnen intenties en opties zo kunnen worden afgeruild dat nul-som spelen uitzonderlijk blijven. Door het wederkerende proces van consultatie en onderhandeling wordt een 'logica van accommodatie' gestimuleerd, in plaats van een 'logica van conflict'. Op die manier kunnen maatschappelijke conflicten gebaseerd op belangentegenstellingen, als onderdeel van dit proces van consultatie en onderhandelingen, toch leiden tot consensus door samenwerking en het sluiten van compromissen.

De regering speelt een vitale rol in dit proces. In de neo-corporatistische arena hebben alle actoren vergelijkbare lijstjes met behoeften en belangen (agenda's). Maar per definitie zullen die behoeften en belangen verschillen naar de prioriteit die ze voor actoren hebben. Vooral de behoeften en belangen van vakbonden en ondernemersorganisaties hebben vaak een sterk afwijkende rangorde. Dat betekent dat de regering zal moeten bemiddelen en compromissen zal moeten bevorderen. Tegelijkertijd is de regering ook een actor met een vergelijkbare lijst van behoeften en belangen met een zekere rangorde. Om tot overeenstemming te geraken is het nodig te proberen elke actor's lijst te herordenen op basis van (potentieel) gedeelde belangen. Tijdens het proces van consultatie en onderhandelingen, met alle bijbehorende conflicten, wordt het duidelijk of deze herordening tot stand kan komen en een overeenkomst gesloten kan worden. Die overeenkomst moet ten slotte door het parlement gesanctioneerd worden. Of deze overeenkomst in de praktijk ook leidt tot de 'beste' uitkomst voor alle betrokken actoren is een andere kwestie (zie hoofdstuk 6)

3. Onderzoeksopzet en operationalisering

In hoofdstuk 3 heb ik uiteengezet waarom de combinatie van een vergelijkende,

‘cruciale’ case studie van Nederland tussen 1965 en 2000 een adequate onderzoeksoepzet is om mijn twee onderzoeksvragen te beantwoorden. De Nederlandse case studie bestaat uit een serie van 36 opeenvolgende onderzoeken naar de jaarlijkse vorming en uitvoering van inkomensbeleid en de effectiviteit daarvan tussen 1965 en 2000. Deze opeenvolging van 36 onderzoeken binnen de Nederlandse case studie zorgt er voor dat zowel de interne - en tot op zekere hoogte ook de externe - validiteit wordt vergroot als dat variaties door de tijd heen zichtbaar worden.

De operationalisering van de Nederlandse case studie heeft betrekking op de periode, de institutionele setting en op de actoren, alsmede op mogelijke regeringsstrategieën en stijlen van besluitvorming van vak- en ondernemersorganisaties. De onderzoeksperiode is 1965 - 2000. De periode van de centraal geleide loonpolitiek tussen 1945 en, ruwweg, 1963 viel af omdat het door mij gehanteerde concept van neo-corporatisme als een regeringsstrategie uitgaat van de relatieve autonomie en wederzijdse instrumentalisering van de betrokken actoren.

De institutionele setting voor de jaarlijkse onderhandelingen over de vorming en uitvoering van het inkomensbeleid bestaat uit de jaarlijkse centrale onderhandelingen tussen regering en sociale partners en tussen sociale partners onderling in de Stichting van de Arbeid (STAR), de Sociaal-Economische Raad (SER), en tijdens het Voor- en Najaarsoverleg. Voorts uit de twee wetten op de collectieve arbeidsovereenkomst uit 1927 en 1937 die tot gevolg hebben dat het overgrote deel van de werknemers in de marktsector onder een CAO valt. En ten slotte uit de Wet op de Loonvorming uit 1970 die in 1986 werd aangepast. Vanaf 1987 kan de overheid alleen bindend in het inkomensbeleid ingrijpen als er sprake is van een nationale crisis die wordt veroorzaakt door externe factoren.⁹¹

De betrokken actoren zijn de regering en de centrale organisaties van werkgevers en werknemers. De regering is de regerende coalitie. Daarbinnen is de Minister van Sociale Zaken (en Werkgelegenheid) de eerstverantwoordelijke voor het inkomensbeleid.

De centrale werknemersorganisaties zijn de Federatie Nederlandse Vakbeweging (FNV), het Christelijk Nationaal Vakverbond (CNV) en de vakcentrale voor Middelbaar en Hoger Personeel (MHP). FNV en CNV proberen over het algemeen hun inkomensbeleid te coördineren. Coördinatie van het inkomensbeleid met de MHP komt bijna niet voor.⁹² De centrale ondernemersorganisaties zijn het

91. Dat betekende overigens niet dat de regering vanaf dat moment niet meer betrokken was bij de jaarlijkse onderhandelingen over het inkomensbeleid. De regering bleef grote invloed uitoefenen op het inkomensbeleid door middel van de verantwoordelijkheid voor belastingen, sociale zekerheidspremies, het wettelijk minimumloon, en de vaststelling van de toegangscriteria voor de sociale zekerheid, alsmede de hoogte van de uitkeringen (inclusief de pensioenen).

92. De nauwe samenwerking van deze drie vakcentrales tijdens de organisatie van de vakbondsdemon-

Verbond van Nederlandse Ondernemingen (VNO) en het Nederlands Christelijk Werkgeversverbond (NCW) die op 31 december 1996 fuseerden. Ook daarvoor werkten beide organisaties nauw samen wat betreft het inkomensbeleid.

Ik heb vier ideaaltypische regeringsstrategieën onderscheiden en drie ideaaltypische stijlen van besluitvorming waarvan vakbonden en ondernemersorganisaties gebruik kunnen maken. De vier regeringsstrategieën en drie stijlen van besluitvorming leveren samen een analyse-instrument op waarmee alle mogelijke stadia in het proces van onderhandelen en alle mogelijke uitkomsten beschreven kunnen worden (zie Appendix). Daarmee is dit analyse-instrument uitermate geschikt voor het onderzoek naar onderhandelingsprocessen over inkomensbeleid, zowel in de tijd als in verschillende landen.

Het proces en de uitkomst van de jaarlijkse onderhandelingen over inkomensbeleid in Nederland 1965 - 2000

Stijl van besluitvorming	Regeringsstrategie			
	I = Passief	II = Coöperatief	III = Congruent	IV = Leidend
A+A, B, C = Confrontatie (Chicken game)	IA: Niet neo-corporatistisch	IIA: Neo-corporatistisch	IIIA: Neo-corporatistisch	IVA: Niet neo-corporatistisch
B + B, C = Onderhandelen (Prisoners' Dilemma)	IB: Niet neo-corporatistisch	IIB: Neo-corporatistisch	IIB: Neo-corporatistisch	IVB: Niet neo-corporatistisch
C + C = Probleem oplossen (Battle of the Sexes)	IC: Quasi corporatistisch	IIC: Neo-corporatistisch	IIIC: Neo-corporatistisch	IVC: Corporativistisch

Bron: hoofdstuk 3, Tabel 3.4.

Cel IC lijkt een neo-corporatistisch inkomensbeleid te representeren vanuit het perspectief van de stijlen van besluitvorming. Maar het gaat hierbij om stadia in, of uitkomsten van, het onderhandelingsproces die ook in pluralistische omstandigheden kunnen voorkomen. Het belangrijkste punt is dat de regering geen neo-corporatistische intenties heeft en het inkomensbeleid geheel over laat aan sociale partners. En die blijken tot overeenstemming te kunnen komen.

Cel IVC lijkt eveneens een neo-corporatistisch inkomensbeleid te representeren vanuit het perspectief van de stijlen van besluitvorming. Maar de regering heeft geen neo-corporatistische intenties en legt het eigen inkomensbeleid dwingend

stratie op 2 oktober 2004 tegen het sociaal-economische beleid van het kabinet Balkenende II was een uitzondering.

op aan de sociale partners. Sociale partners zijn het ofwel eens met dat inkomensbeleid, of leggen zich zonder problemen neer bij dat beleid.

De neo-corporatistische uitkomsten in termen van regeringsstrategie zijn niet noodzakelijkerwijs altijd succesvol in het bereiken van overeenstemming tussen de betrokken actoren. Als het gaat om overeenstemming zijn er slechts vier uitkomsten mogelijk. Als eerste een bipartite Centraal Accoord tussen sociale partners. Als tweede een tripartiet Centraal Accoord tussen regering en sociale partners. De derde uitkomst is dat er geen Centraal Accoord bereikt kan worden. De laatste uitkomst is een door de regering opgelegd inkomensbeleid.

Met andere woorden, het analyse-instrument is uitputtend als een typologie: alle mogelijke combinaties van regeringsstrategie en stijl van besluitvorming over tijd en in verschillende landen kunnen worden beschreven. Maar de verschillende categorieën sluiten elkaar empirisch niet uit. De vier uitkomsten waar het gaat om overeenstemming over het inkomensbeleid kunnen bereikt worden via een scala aan stadia en uitkomsten van het onderhandelingsproces over inkomensbeleid (zie hoofdstuk 3 en Appendix).

Op basis van deze operationalisering van stijlen van besluitvorming heb ik vastgesteld dat een Polder Model dat de samenwerking tussen sociale partners benadrukt gelokaliseerd moet worden in de probleem oplossende stijl van besluitvorming (C: Battle of the Sexes). Bovendien behoort de regeringsstrategie dan neo-corporatistisch te zijn (coöperatief of congruent) aangezien de regeringsstrategie geacht wordt de samenwerking tussen de sociale partners te ondersteunen en/of te faciliteren.

4. De belangrijkste onderzoeksresultaten van de Nederlandse case studie

In hoofdstuk 4 wordt een eerste antwoord gegeven op onderzoeksvraag 1:

Kan neo-corporatisme, gedefinieerd als een regeringsstrategie van conflictregulering een plausibele verklaring geven voor de vorming en uitvoering van het Nederlandse inkomensbeleid tussen 1965 en 2000?

Dat antwoord is bevestigend. Ja, neo-corporatisme, gedefinieerd als een regeringsstrategie van conflictregulatie, biedt inderdaad een plausibele verklaring van de vorming en uitvoering van het Nederlandse inkomensbeleid in een meerderheid van de 36 jaren tussen 1965 en 2000. Het neo-corporatistische inkomensbeleid bleek echter sterk te variëren door de tijd heen. Het neo-corporatistische inkomensbeleid was veel prominenter aanwezig na 1982, maar het 'Accoord van Wassenaar' was geen waterscheiding wat betreft regeringsstrategieën. De regeringsstrategie was niet neo-corporatistisch van 1980 - 1986. De meeste neo-corporatistische regeringsstrategieën na 1982 kwamen voor tussen 1987 en 2000. Sociale partners werden gaande het proces van onderhandelen over het inkomensbeleid wat coöperatiever, vooral na 1982. Er was echter geen sprake van de ontwikkeling van een 'Polder Model' na 1982. Ondanks de toename van het

aantal neo-corporatistische strategieën van de regering vanaf 1987, bleef de onderhandelende stijl van besluitvormen (B: Prisoners' Dilemma) echter de dominante stijl van besluitvorming van sociale partners. De probleem oplossende stijl (C: Battle of the Sexes) kwam slechts zelden voor.

Neo-corporatistisch inkomensbeleid in Nederland tussen 1965 en 2000 was typisch een combinatie van de coöperatieve regeringsstrategie (II) met de onderhandelende stijl van besluitvorming (B: Prisoners' Dilemma) van sociale partners.

5. Neo-corporatisme als een regeringsstrategie in Nederland 1965 - 2000

In hoofdstuk 5 wordt het bevestigende antwoord op onderzoeksvraag 1 in hoofdstuk 4 verder uitgewerkt en onderbouwd aan de hand van een analyse van vier subperiodes: 1965 - 1973; 1974 - 1982; 1983 - 1992; en 1993 - 2000. Deze vier subperiodes werden gebaseerd op een combinatie van politieke ontwikkelingen in Nederland en externe economische schokken.

In de periode 1965 - 1973 nam de confrontatie (A: Chicken) tussen sociale partners toe. Overeenkomsten over inkomensbeleid kwamen daardoor niet tot stand en regeringen besloten daarom uiteindelijk het inkomensbeleid zelf aan sociale partners op te leggen. In de periode 1974 - 1982 nam de confrontatie tussen sociale partners af, maar verzandden onderhandelingen veelvuldig in patstellingen (B: Prisoners' Dilemma). Daarom besloten regeringen uiteindelijk het inkomensbeleid zelf aan sociale partners op te leggen. In deze beide periodes kwamen slechts drie Centrale Accorden tot stand: 1965, 1970, 1977.

In de periode 1983 - 1992 nam de confrontatie (A: Chicken) tussen sociale partners verder af. De onderhandelende stijl van besluitvorming (B: Prisoners' Dilemma) leidde nu echter wel vaker tot overeenstemming tussen sociale partners. In de jaren 1983 - 1986 concentreerde de regering zich vooral op de reductie van het financieringstekort en liet de onderhandelingen over het inkomensbeleid in de marktsector over aan sociale partners. De regeringsstrategie was de niet neo-corporatistische, passieve strategie (I). Aangezien de marktsector en de publieke sector door de regering met ingang van 1983 ontkoppeld waren, had de overeenstemming over het inkomensbeleid tussen sociale partners in deze jaren geen negatieve gevolgen voor het financieringstekort van de overheid. De ont koppeling van beide sectoren was gebaseerd op het Centrale 'Wassenaar' Acoord uit december 1982 dat door de regering aan sociale partners was opgelegd (1983, 1984).

Vanaf 1987 was werkgelegenheid het centrale punt op de regeringsagenda. Om overeenstemming met de sociale partners op dit punt te bevorderen veranderde de regeringsstrategie van de niet neo-corporatistische passieve (I) naar de neo-corporatistische coöperatieve strategie (II). Dat resulteerde in drie Centrale Accorden: 1987, 1990, 1991.

Ten slotte, in de laatste periode 1993 - 2000, betekende de ad-hoc koppeling tussen inkomens in de markt sector en in de (semi-) publieke sector, gevoegd bij

de budgettaire discipline opgelegd door de Europese Monetaire Unie (EMU), in de context van een economische opgang na 1995, dat niet neo-corporatistische regeringsstrategieën geen optie waren. Regeringsstrategieën waren dus neo-corporatistisch. Gevoegd bij weinig confrontatie (A: Chicken) tussen sociale partners en een enkel geval van de probleem oplossende stijl van besluitvorming (C: Battle of the Sexes) leidde dat in deze periode tot nog meer overeenkomsten dan in de vorige periode: 1993, 1994, 1996-1999.

Ook in dit hoofdstuk kon de ontwikkeling van een 'Polder Model' empirisch niet aangetoond worden. Ondanks de neo-corporatistische regeringsstrategieën vanaf 1987 (met uitzondering van 1992), bleef de dominante stijl van besluitvorming van sociale partners de onderhandelende stijl (B: Prisoners' Dilemma). Na 1987 leidde deze stijl in combinatie met neo-corporatistische regeringsstrategieën binnen de gewijzigde institutionele en externe context echter tot overeenkomsten tussen sociale partners, in plaats van tot patstellingen zoals in de periode 1974 - 1982.

6. Neo-corporatisme en de effectiviteit van inkomensbeleid

In hoofdstuk 6 wordt onderzoeksvraag 2 beantwoord:

Was het Nederlandse inkomensbeleid tussen 1965 en 2000 effectief in termen van de agenda's van de betrokken actoren?

De effectiviteit in termen van agenda's werd vastgesteld op basis van twee indicatoren. In de eerste plaats de afgesloten Centrale Accoorden tussen vakbonden en ondernemersorganisaties en/of tussen sociale partners en de regering. In de tweede plaats de mate van overeenstemming tussen de wensen zoals geformuleerd in de agenda's van de betrokken actoren en de feitelijke uitkomsten (de 'core').

Over de gehele periode 1965 - 2000 was het Nederlandse inkomensbeleid in termen van Centrale Accoorden slechts effectief in een minderheid van de 36 jaar. Maar in elke periode was neo-corporatistisch inkomensbeleid inderdaad effectiever dan niet neo-corporatistisch inkomensbeleid. In acht jaren was neo-corporatistisch inkomensbeleid echter niet effectief, terwijl omgekeerd in drie jaren een niet neo-corporatistisch inkomensbeleid wel effectief was.

Het Nederlandse inkomensbeleid was met name niet effectief tussen 1965 en 1982. Effectief neo-corporatistisch inkomensbeleid kwam vooral voor na 1992. Dat betekent echter niet dat er een 'Polder Model' was ontstaan, niet in de jaren tachtig en evenmin in de jaren negentig. Het 'Model' van onderhandelen over inkomensbeleid tussen 1965 en 2000 veranderde niet ingrijpend. Het 'Model' bestond uit de combinatie van een coöperatief neo-corporatistische regeringsstrategie (II) in combinatie met de onderhandelende stijl van besluitvorming van sociale partners (B: Prisoners' Dilemma).

Wat er wel veranderde was de effectiviteit van het 'Model' in termen van Centrale Accoorden. De grotere effectiviteit van het inkomensbeleid in termen van Centrale Accoorden na 1982 kan verklaard worden uit het gedrag van de actoren

in de context van institutionele veranderingen als gevolg van macro-economische ontwikkelingen en externe veranderingen (EMU).

Wat betreft de mate van overeenkomst tussen wensen en de feitelijke uitkomst (de 'core') was het Nederlandse inkomensbeleid tussen 1965 en 2000 eveneens vaker niet dan wel effectief. Hoewel een neo-corporatistische regeringsstrategie gecombineerd met een Centraal Accoord op basis van min of meer 'harde' onderhandelingen (alternerend tussen confrontatie (A: Chicken) en onderhandelen (B: Prisoners' Dilemma)) vaker leidde tot overeenstemming tussen wensen en feitelijke uitkomst en daarmee de 'core' dicht benaderde, was dat evenzeer, zij het minder vaak, het geval voor niet-neo-corporatistische regeringsstrategieën die door 'harde' onderhandelingen niet leidden tot een Centraal Accoord.

Het antwoord op onderzoeksvraag 2 is dus dat het Nederlandse inkomensbeleid tussen 1965 en 2000 vaker niet dan wel effectief was, vooral tussen 1965 en 1982. Neo-corporatistisch inkomensbeleid was inderdaad vaker effectief dan niet neo-corporatistisch inkomensbeleid, in het bijzonder na 1992. Maar er was geen sprake van de ontwikkeling of opkomst van een 'Polder Model' in termen van een probleem oplossende stijl van besluitvorming (C: Battle of the Sexes) gecombineerd met een neo-corporatistische regeringsstrategie (coöperatief of congruent).

7. Neo-corporatisme en sociaal democratie

In hoofdstuk 7 heb ik de relatie tussen een neo-corporatistische regeringsstrategie en de samenstelling van die regering onderzocht. De centrale vraag was of een neo-corporatistische regeringsstrategie afhankelijk was van de deelname van een sociaal democratische partij aan die regering.

Mijn antwoord was, ten eerste, dat deelname van de PvdA aan coalitieregeringen inderdaad een positief verschil maakt wat betreft het voorkomen van neo-corporatistische regeringsstrategieën, in het bijzonder na 1993 toen de PvdA de dominante partij in de regering was die de Minister van Sociale Zaken leverde en verantwoordelijk was voor het inkomensbeleid.

Ten tweede, dat de deelname van de PvdA aan coalitieregeringen ook een positief verschil maakte wat betreft de effectiviteit van neo-corporatistische regeringsstrategieën in termen van Centrale Accoorden en het benaderen van de 'core' (de mate van overeenstemming tussen wensen en feitelijke uitkomsten). Regeringsdeelname van de PvdA na 1993 leverde echter geen nieuw of een effectiever Polder Model op in termen van Centrale Accoorden en benaderingen van de 'core'. Nadere beschouwing van de effecten van deelname van de PvdA aan coalitieregeringen op de effectiviteit van inkomensbeleid leverde het volgende beeld op. Coalitieregeringen van PvdA en CDA voor 1994 waren of effectief wat betreft neo-corporatistische regeringsstrategieën en Centrale Accoorden of effectief wat betreft het benaderen van de 'core'. Coalitieregeringen van PvdA en VVD na 1993 waren effectiever wat betreft (aantallen) neo-corporatistische regerings-

strategieën, maar niet wat betreft (aantallen) Centrale Accoorden of het (aantal) benaderingen van de 'core'. Sociaal democratische participatie in coalitieregeringen in Nederland tussen 1965 en 2000 was dus blijkbaar gunstig voor het bereiken van een equilibrium tussen sociale partners: of door neo-corporatistische regeringsstrategieën en Centrale Accoorden, of door het benaderen van de 'core'.

8. Prestaties van het Nederlandse neo-corporatisme: de 'Nederlandse Ziekte' en het 'Nederlandse Economische Mirakel'

In hoofdstuk 8 heb ik de 'Nederlandse Ziekte' en het 'Nederlandse economische mirakel' vanuit vergelijkend perspectief besproken. Een specifiek 'Nederlandse' ziekte of economisch mirakel in termen van algemene prestaties kon niet vastgesteld worden in de vergelijking met de landen van de Organisatie voor Economische Samenwerking en Ontwikkeling (OESO), de Europese Unie (EU) en met de zeven andere kleine West-Europese neo-corporatistische landen (België, Denemarken, Finland, Noorwegen, Oostenrijk, Zweden en Zwitserland).

Voorzover er een typisch 'Nederlandse' ziekte van lage prestaties tussen 1978 en 1985 te onderkennen valt, bestond deze uit een gemiddeld lagere economische groei, een negatieve werkgelegenheidsgroei en, in mindere mate, een hogere werkloosheid. Het typisch 'Nederlandse' economische mirakel van hogere prestaties tussen 1995 en 2000 bestond uit een gemiddeld (veel) hogere economische en werkgelegenheidsgroei, een lagere werkloosheid, gecombineerd met een forse teruggang in uitgaven ten behoeve van de verzorgingsstaat. Met name aan dit laatste aspect van het 'Nederlandse' economische mirakel is nog weinig aandacht besteed in vergelijkend onderzoek.

Ik heb ook de effectiviteit van inkomensbeleid in termen van Centrale Accoorden en prestaties onderzocht. De vraag was of de 'Nederlandse Ziekte' inderdaad gepaard ging met minder, en minder succesvolle neo-corporatistische regeringsstrategieën, en omgekeerd, of het 'Nederlandse economische mirakel' gepaard ging met meer, en meer succesvolle neo-corporatistische regeringsstrategieën. Dat bleek inderdaad het geval te zijn, en dat kan mede aanleiding hebben gegeven aan de gedachte dat er een positieve relatie was tussen een nieuw Nederlands 'Polder Model' en het 'Nederlandse economische mirakel'. Ik heb echter beargumenteerd dat het niet het gedrag van de actoren was dat de prestaties bepaalde, maar dat de macro-economische en externe (EMU) context en de veranderingen in de institutionele context samen, het gedrag van de actoren bepaalden in de zin van neo-corporatistische regeringsstrategieën, Centrale Accoorden en het benaderen van de 'core'. Dat kan mede verklaren waarom de 'core' vaker werd benaderd voor 1983 dan na 1982 (de periode van het zogenoemde Polder Model) en in de periode van het economisch 'mirakel' tussen 1995 en 2000.

9. Samenvatting en conclusies

De onderzoeksresultaten op basis van de Nederlandse case studie en de internationale vergelijking hebben consequenties voor het Nederlandse 'Polder Model' en voor de conceptualisering van neo-corporatisme in internationaal vergelijkend onderzoek, alsmede voor de 'Nederlandse ziekte', en voor het 'Nederlandse economische mirakel'.

Er is geen 'Polder Model'

In hoofdstuk 4, 5, en 6 heb ik vastgesteld dat de onderzoeksresultaten geen ondersteuning opleveren voor het ontstaan van een 'Polder Model'. Niet na 1982, en evenmin in de jaren negentig. Vanuit het perspectief van regeringsstrategieën zou een 'Polder Model' geïdentificeerd kunnen worden vanaf 1987. Vanaf 1987 was het inkomensbeleid in Nederland neo-corporatistisch, met uitzondering van 1992. Maar de belangrijkste stijl van besluitvorming van sociale partners was ook vanaf 1987 de onderhandelende stijl (B: Prisoners' Dilemma). Met andere woorden, ook al opereerden regeringen volgens een 'Polder Model', de sociale partners beantwoordden dat niet met de corresponderende probleem oplossende stijl van besluitvorming (C: Battle of the Sexes). Het Nederlandse neo-corporatistische 'Model' bestond uit de combinatie van de coöperatieve neo-corporatistische regeringsstrategie (II) met de onderhandelende stijl van besluitvorming (B: Prisoners' Dilemma) tussen sociale partners.

De mogelijke opkomst van een 'Polder Model' werd ook geanalyseerd vanuit het perspectief van Centrale Accoorden. Het 'Polder Model' werd geacht te leiden tot meer overeenstemming en overeenkomsten tussen sociale partners onderling en tussen sociale partners en de regering. Na 1982 bleek het aantal Centrale Accoorden inderdaad veel hoger te zijn dan voor 1983: 11 tegen 3. De Centrale Accoorden na 1982 waren echter niet alle gebaseerd op neo-corporatistisch inkomensbeleid en niet al het neo-corporatistische inkomensbeleid leidde tot een Centraal Accoord. Na 1982 resulteerden negen van de 13 neo-corporatistische regeringsstrategieën in een Centraal Accoord. Omgekeerd was dat het geval met twee van de vijf niet-neo-corporatistische regeringsstrategieën.

De mogelijke opkomst van een 'Polder Model' werd ook geanalyseerd vanuit het perspectief van benadering van de 'core'. En inderdaad leidden neo-corporatistische regeringsstrategieën en Centrale Accoorden vaker tot het benaderen van de 'core'. Maar hetzelfde gold - zij het minder vaak - voor niet-neo-corporatistische regeringsstrategieën die niet leidden tot een Centraal Accoord. Bovendien werd de 'core' iets vaker benaderd voor 1983 dan na 1982.

De mogelijke opkomst van een 'Polder Model' werd ook geanalyseerd vanuit het perspectief van regeringsdeelname van de PvdA. Sociaal democratische dominantie in de regering na 1993 leidde niet tot een significante verhoging van de effectiviteit van neo-corporatistische regeringsstrategieën in termen van Centrale

Accoorden en benadering van de 'core'. Dat betekent dat dominantie van de PvdA in de regering na 1993 geen nieuw en evenmin een effectiever 'Polder Model' tot gevolg had.

Samenvattend, ik heb vastgesteld dat noch vanuit het perspectief van regeringsstrategie, noch vanuit het perspectief van Centrale Accoorden en benadering van de 'core', het bestaan van een 'Polder Model' empirisch kan worden aangetoond. Dat betekent dat het belang dat sommige onderzoekers van het Nederlandse neo-corporatisme hechten aan het 'Accoord van Wassenaar' uit 1982 mijns inziens overdreven is. Het 'Accoord van Wassenaar' was geen waterscheiding.

Mijn onderzoeksresultaten ondersteunen die onderzoekers die wijzen op het flexibele karakter van het Nederlandse neo-corporatisme tussen 1965 en 2000, in combinatie met een centrale rol daar binnen voor de regering. Tussen 1965 en 2000 kwam er neo-corporatisme in Nederland voor, maar het varieerde zowel in voorkomen als in effectiviteit. Die variatie vormde geen nieuw 'Model' na 1982 of in de jaren negentig. Tussen 1965 en 2000 was er weinig verandering in het 'Model' van onderhandelingen over inkomensbeleid in Nederland: een coöperatieve neo-corporatistische regeringsstrategie (II) in combinatie met een onderhandelende stijl van besluitvorming (B: Prisoners' Dilemma) tussen sociale partners. Wat dat betreft verschil ik van mening met onderzoekers die conflicten en patstellingen tussen sociale partners gelijkstellen met minder of zelfs verdwijnend neo-corporatisme. In mijn visie is een neo-corporatistische strategie van de regering geen garantie voor succes. Noch wat betreft de corresponderende stijlen van besluitvorming van vakbonden en ondernemersorganisaties, noch wat betreft overeenkomsten tussen sociale partners of tussen sociale partners en de regering. Soms is het 'Model' effectief, soms niet, afhankelijk van de macro-economische, externe en institutionele context die het gedrag van actoren beïnvloeden.

Neo-corporatisme als concept in internationaal vergelijkend onderzoek

Het concept van neo-corporatisme als een regeringsstrategie en de operationalisering daarvan in strategieën van de regering en stijlen van besluitvorming van vakbonden en ondernemersorganisaties die in dit onderzoek gebruikt werden maakten het mogelijk een plausibele verklaring te geven voor de vorming en uitvoering van het inkomensbeleid in Nederland tussen 1965 en 2000. Het gebruikte analyse-instrument was in staat alle mogelijke stadia tijdens het onderhandelingsproces over inkomensbeleid, evenals alle mogelijke uitkomsten in termen van inkomensbeleid te beschrijven. Wat dat betreft werkte het analyse-instrument beter dan de meeste andere conceptualisering en operationalisering van neo-corporatisme. Die richtten zich vooral op de formele institutionalisering van het proces van vormen en uitvoeren van inkomensbeleid en op consensus over. Het voorkomen van instituties van overleg over inkomensbeleid en/of consensus over dat inkomensbeleid binnen die instituties of als resultaat van

die instituties, werden gebruikt als verklarende factoren voor neo-corporatisme. Geen instituties, of geen consensus: geen neo-corporatisme.

Deze nogal statische conceptualisering van neo-corporatisme leidden, afhankelijk van de periode waarop het onderzoek betrekking had, tot de conclusie dat Nederland een hogere dan wel lagere score dan andere landen op even statische als tijdloze schalen van neo-corporatisme had. De feitelijke vorming en uitvoering van het inkomensbeleid in Nederland tussen 1965 en 2000 in het onderhandelingsproces tussen sociale partners onderling en van sociale partners met de regering, kon daarmee niet verklaard worden.

De conceptualisering van neo-corporatisme als een regeringsstrategie van conflictregulering en de operationalisering in het door mij ontwikkelde analyse-instrument kon zowel (de veranderingen in) de regeringsstrategie als in de stijl van besluitvorming van vakbonden en ondernemersorganisaties beschrijven. Strategie en stijl van besluitvorming resulteerden in een bepaald inkomensbeleid in een bepaald jaar. Dat inkomensbeleid was de uitkomst van het jaarlijkse proces van consultatie en onderhandeling over inkomensbeleid in dat jaar. Mijn conceptualisering en operationalisering konden ook de effectiviteit verklaren van inkomensbeleid in termen van agenda's en macro-economische prestaties. Mijn onderzoek maakte duidelijk dat er niet zozeer een verandering in het Nederlandse 'Model' van neo-corporatisme heeft plaatsgevonden tussen 1965 en 2000, als wel veranderingen in de effectiviteit van het bestaande 'Model'. Deze veranderingen in effectiviteit van het bestaande 'Model' konden verklaard worden door het gedrag van de actoren die betrokken waren bij de vorming en uitvoering van het inkomensbeleid in Nederland tussen 1965 en 2000. Dat gedrag werd weer beïnvloed door veranderingen in de macro-economische, externe en institutionele context. Met andere woorden, we zien in Nederland een proces van beperkte institutionele veranderingen dat leidt tot veranderingen in zowel de onderwerpen als de reikwijdte van overeenkomsten over inkomensbeleid. Deze institutionele veranderingen worden meestal geïmplementeerd door de regering, zo nodig tegen de wensen van één of van beide sociale partners in.

De betekenis van mijn conceptualisering en operationalisering van neo-corporatisme als een regeringsstrategie voor internationaal vergelijkend onderzoek is tweeledig. Allereerst, het door mij ontwikkelde analyse-instrument kan ook benut worden voor een analyse van de vorming en uitvoering van inkomensbeleid in andere landen en voor een internationale vergelijking van dat inkomensbeleid. Een internationale vergelijking van inkomensbeleid, gebaseerd op mijn analyse-instrument, kan bijdragen aan de vermindering van de methodologische verschillen tussen het vergelijken van meerdere gevallen en het onderzoek naar een enkel geval, door elementen van beide onderzoeksmethodes te combineren: het vergelijken van meerdere gevallen, maar wel op basis van een gedetailleerde, kwalitatieve beschrijving en analyse van die gevallen. Het nut van het gebruik van

een meer dynamische operationalisering van neo-corporatisme wordt onderstreept door de resultaten van ander recent internationaal vergelijkend onderzoek naar neo-corporatisme.

Daarnaast kan dit analyse-instrument met enige aanpassingen ook benut worden voor het onderzoek naar de vorming en uitvoering van beleid op andere terreinen dan inkomensbeleid, zowel in Nederland, als in andere landen. Dat maakt ook een internationale vergelijking van (de totstandkoming en uitvoering van) dat beleid mogelijk.

De 'Nederlandse Ziekte' en het 'Nederlandse economische mirakel'

Een specifiek 'Nederlandse' ziekte of economisch mirakel in termen van algemene prestaties kon niet vastgesteld worden in de vergelijking met de landen van de OESO en de EU en met de zeven andere kleine West-Europese neo-corporatistische landen. Voorzover er een typisch 'Nederlandse' ziekte van lage prestaties tussen 1978 en 1985 te onderkennen valt, bestond deze uit een gemiddeld lagere economische groei, een negatieve werkgelegenheidsgroei en, in mindere mate, een hogere werkloosheid. Het typisch 'Nederlandse' economische mirakel van hogere prestaties tussen 1995 en 2000 bestond uit een gemiddeld (veel) hogere economische en werkgelegenheidsgroei, een lagere werkloosheid, gecombineerd met een forse teruggang in uitgaven ten behoeve van de verzorgingsstaat. Aan dit laatste aspect van het 'Nederlandse' economische mirakel is nog weinig aandacht besteed in vergelijkend onderzoek.

En hoewel de 'Nederlandse ziekte' inderdaad gepaard ging met minder, en minder succesvolle neo-corporatistische regeringsstrategieën, en omgekeerd, het 'Nederlandse economische mirakel' met meer, en meer succesvolle neo-corporatistische regeringsstrategieën, was het niet het gedrag van de actoren dat de prestaties bepaalde, maar de macro-economische en externe (EMU) context en de daaruit voortvloeiende veranderingen in de institutionele context samen, die het gedrag van de actoren bepaalden in de zin van neo-corporatistische regeringsstrategieën, stijlen van besluitvorming en Centrale Accoorden en de resultaten daarvan in termen van benaderingen van de 'core'.

Curriculum Vitae

For a few years after completing his secondary education (HBS-B in 1969), Jaap Woldendorp (1952) read Psychology at the University of Amsterdam. After his military service (1972-1974) he changed direction and read Sociology, also at the University of Amsterdam. In 1977, he obtained his BA-degree in Sociology. In 1978 he also obtained his BA-degree in Political Science at the same university. In February 1985 he completed his studies with the MA-degree (with honours) in Political Science at the University of Amsterdam.

He financed his studies in Sociology and in Political Science with a part time job outside the university. Besides, after receiving his BA in Political Science, he also worked as a student assistant at the Faculty of Political Science of the University of Amsterdam for more than four years. His scientific publications in this period include: 'Struktuur, organisatie en activiteiten van de arbeidersklasse en arbeidersbeweging' in *Staat en klassen in het Interbellum* (Woldendorp and Knegtmans 1982); 'Sociale politiek in het Interbellum' in *Staat en klassen in het Interbellum* (Woldendorp and Grunell 1982); 'Tussen ordening en revolutie. Over CPN en SDAP van 1918 tot 1940' in *Staat en klassen in het Interbellum* (Knegtmans and Woldendorp 1982); *Neo-korporatisme en de loonpolitiek in Nederland 1965-1982* (van Brakel et al 1985) and *Het neo-korporatisme als nieuwe politieke strategie. Krisisbeheersing met beleid en (door) overleg?* (Keman et al 1985).

Between 1985 and 1991 he was director of the Shipping Research Bureau (SRB) in Amsterdam that monitored the voluntary United Nations oil embargo against the then South African government. A selection of publications from that period is listed on the website of the Department of Political Science at the Vrije Universiteit: www.politicalscience.nl.

From 1991 to 1993 he worked as a researcher at the Department of Political Science at the Vrije Universiteit in Amsterdam. In that period he published a number of scientific articles and book chapters: 'Christen-democratie en neo-

corporatisme in Nederland. Het CDA en het maatschappelijk middenveld' in *Geloven in macht. De christen-democratie in Nederland* (Woldendorp 1993); and *Political Data 1945-1990. Party government in 20 democracies* (Woldendorp et al 1993), a special issue of the *European Journal of Political Research* (24/1).

Between 1993 and 1998 he worked as a senior policy advisor at the *Nederlands Centrum voor Sociaal Beleid* (NCSB) in Bunnik (Netherlands). His areas of expertise were local youth policy including the prevention of youth criminality. A selection of publications from that period is listed on the website of the Department of Political Science at the Vrije Universiteit: www.politicalscience.nl. In this period he also published a number scientific articles and book chapters: 'Belangenvertegenwoordiging en beleidsadvisering: geniet, maar drink met mate' in *Publiek debat en democratie* (Oldersma and Woldendorp 1995); *Neo-corporatism as a strategy for conflict regulation in the Netherlands (1970-1990)*' (Woldendorp 1995); 'Corporatism and socioeconomic conflict-regulation' in *The politics of problem-solving in postwar democracies* (Woldendorp 1997a); and *Neo-corporatism and macroeconomic performance in eight small West European countries (1970-1990)* (Woldendorp 1997b).

In 1998 he rejoined the Department of Political Science at the Vrije Universiteit. Between 1999 and summer 2002 he was also research co-ordinator of the Faculty of Socio-Cultural Sciences at the Vrije Universiteit.

His scientific publications from 1998 include: *Overproductie van beleid. Integrale veiligheid in Amsterdam en Rotterdam* (de Haan and Woldendorp 1998); *Party government in 20 democracies. An update (1990-1995)* (Woldendorp et al 1998); *Party government in 48 democracies. Composition - duration - personnel* (Woldendorp et al 2000); and he contributed to 'The policy-making capabilities of a decentralised unitary state: The Dutch experience' in *Public policy and federalism* (Keman 2000).

